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A DEFINITIONAL STUDY OF
THE PRIVATE SECTOR IN THE
GUYANESE ECONOMY

Miss Myrtle D. Bishop
Dr. Robert W. Davenport
Dr. Kenneth S. Flamm

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I. INTRODUCTION

A. The Nature of this Study

This study was undertaken on behalf of the Guyana Investment Company Limited, and financed by the United States Agency for International Development under technical services contract USAID-504-0000-C-60-1025-00. The study team consisted of Ms. Myrtle Bishop, Dr. Robert Davenport, and Dr. Kenneth Flamm, and was led by Dr. Flamm.

It represents a first attempt at defining the roles and contribution of public and private enterprises in Guyana. As such, it ought to be interpreted as a working document which may serve as a base upon which a more complete description can be built. The study was undertaken under severe limitations: between the three members of the team, a total of 12 person-weeks was devoted to the research; for and writing of, this report; the available statistical information was sparse and of rather uncertain quality; and the subjective evaluations of a number of informed observers of the economy, interviewed during the course of this study, were relied upon to a large extent. Nonetheless, a large amount of information was pieced together, and hopefully, can serve as a first approximation to the complexity that is the economy of Guyana.

The study did not seek to analyse the constraints faced by private sector enterprises in Guyana, neither did it attempt to make any policy recommendations since it was felt that these matters had already been dealt with in another document. (See The Private Sector in the Economy of Guyana - Paul Chan-Young and Associates, Kingston, Jamaica, June 1980).

Rate of Exchange:

| | | |
|-----------------------------|---|--------------------|
| October 1975 - June 1, 1981 | - | US\$1.00 = G\$2.55 |
| | | G\$1.00 = US\$0.39 |
| Since June 1, 1981 | - | US\$1.00 = G\$3.00 |
| | | G\$1.00 = US\$0.33 |

B. Summary

This study develops, in as accurate a fashion as is possible given the limited information available, definitions of the roles and contributions of public and private economic activity in Guyana. The ratio that best characterizes the importance of the private sector in 1981, would be the approximately 40 percent share that private interests contributed to GDP or national value added. At the industry level, value added by the private sector was high in food production, other than sugar. In activities such as manufacturing (excluding sugar-milling and bauxite-processing), construction and services, the value added contributed by the private and public sectors was about equal, while the value added in sugar, bauxite and the large volume of services provided by the central government was exclusively public.

Approximately 35 percent of employed persons totalling perhaps 60 thousand workers, was estimated to be employed by the private sector in 1981. Over 40 percent of that number was employed in agriculture, the remainder being in manufacturing and services.

Exports by the public and private sectors were largely in different types of products, so that they were generally non-competitive. About 20 percent of total exports in 1981 originated in the private sector; although 97 percent of all

exports were marketed by state-controlled organizations. Exports originating in the private sector were rice, household appliances, garments, footwear, fish and spices. Bauxite and alumina, sugar, alcoholic beverages molasses, pharmaceuticals and shrimp originated in the public sector.

The private sector contributed approximately 55 percent of taxes paid by companies to the Central Government. The sector's share of annual fixed capital investment has been shrinking, amounting to about 20 percent in the late 1970's and falling to 12 percent in 1981. Foreign private investment was most important in finance, mineral exploration, fishing and light manufacturing. However, foreign investment has generally shown little growth since the early 1970's.

Approximately 65 percent of the assets of Guyanese financial institutions (excluding the Bank of Guyana) were found in private banks and insurance companies. Roughly 60 percent of total commercial bank loans in 1981 went to public non-financial enterprises, the remainder to private businesses and individuals. The public sector received 61 percent of loans to manufacturing enterprises (excluding rice and sugar processing) and 74 percent of loans to the distributive trades. In 1980, private commercial banks were responsible for 65% of all commercial bank loans and advances to all business enterprises and individuals.

Important areas of private sector activity include agriculture (other than sugar), forest products, fishing, processed foods and beverages, textiles and clothing and certain metal working manufactures. Substantial interests may also be found in construction, non-financial services and banking and finance. The public sector expanded the scope of its activities dramatically in the 1970's with a first wave of nationalization in 1971, followed by more nationalization in 1975 and 1976. In addition, the establishment of new enterprises and activities also widened state involvement in the economy. Some state enterprises supply the private sector with essential inputs such as electricity, alcohol and textiles. Other public corporations are responsible for all imports used in the distributive trades. State firms compete with the private sector in industries such as alcoholic beverages, processed food, soaps and detergents, paints, forest products, rice milling, printing, fishing, construction and distribution.

C. The Guyanese Economy In Brief

Guyana is situated on the north-east shoulder of the South American continent and has an area of 83,000 sq. miles (215,000 km²).

Approximately four-fifths of the land mass is covered by tropical rain forests. The country's mineral resources include bauxite, manganese, silica sands, gold and diamonds and its major waterways and continental shelf are rich in marine life. There is a low coastal plain varying in width between 10 and 40 miles (16 and 64 km) on which the major cities and towns (Georgetown, New Amsterdam, the Corriverton and Anna Regina) are located and where the bulk of the population lives.

Much of the country's economic activity is concentrated on this strip where sugar, rice and other agricultural crops are grown. Apart from bauxite mining and processing, and some forestry activity, much of the hinterland remains economically undeveloped. The economy is largely based on the production of sugar, rice and bauxite and alumina. Since 1960, there has been a slight reduction in the relative contribution of agriculture, forestry and fishing to the Gross Domestic Product (GDP) while the share of manufacturing has slightly increased; there have been fluctuations in the contribution of bauxite and alumina and dramatic increases in the share of Central Government. There has also been a decline in the rural population.

Prior to 1970, the economy was to a large extent controlled by foreign enterprises, which operated principally in the bauxite and sugar industries and in distribution while the local private

sector was involved in domestic trading, agricultural activities and some manufacturing. The public sector at that time was largely involved in social projects and the operation of public utilities.

TABLE II'B.1
STRUCTURE OF GDP, BY ECONOMIC ACTIVITY

GUYANA

| <u>Activity</u> | <u>As a percentage of GDP</u> | | |
|---------------------------------------|-------------------------------|--------------|---------------|
| | <u>1960</u> | <u>1970</u> | <u>1981</u> |
| <u>Agriculture, Forestry, Fishing</u> | <u>26.5</u> | <u>19.2</u> | <u>22.2</u> |
| Sugar Cane | 13.4 | 9.1 | 8.8 |
| Rice Paddy | 4.4 | 2.8 | 3.2 |
| Other Crops | 3.3 | 2.9 | 4.0 |
| Livestock | 1.3 | 2.2 | 3.3 |
| Forestry | 2.5 | 1.1 | 1.4 |
| Fishing | 1.6 | 1.1 | 1.5 |
| <u>Mining and Quarrying</u> | <u>11.0</u> | <u>20.3</u> | <u>7.5</u> |
| Bauxite | 8.2 | 19.4 | 6.3 |
| Other | 2.8 | 1.0 | 1.2 |
| <u>Manufacturing</u> | <u>10.3</u> | <u>12.1</u> | <u>14.9</u> |
| Sugar Milling | 4.2 | 3.2 | 3.0 |
| Rice Milling | 0.8 | 0.8 | 0.8 |
| Other Food, Bev., Tobacco | 2.2 | } | } |
| Other | 3.1 | | |
| Electricity, Gas, Water | 3.1 | 8.1 | 11.1 |
| <u>Construction</u> | <u>9.5</u> | <u>7.8</u> | <u>8.1</u> |
| <u>Services</u> | <u>42.6</u> | <u>40.5</u> | <u>47.3</u> |
| Distribution | 14.1 | 11.5 | 10.7 |
| Transport & Communications | 7.5 | 5.9 | 6.7 |
| Rental of Dwellings | 3.1 | 2.3 | 1.7 |
| Financial | 3.2 | 3.5 | 4.7 |
| Other | 5.0 | 3.5 | 3.0 |
| Government | 9.7 | 13.7 | 20.4 |
| <u>Total GDP G\$ million</u> | <u>263.6</u> | <u>470.0</u> | <u>1350.0</u> |

Source: Ministry of Economic Development, Statistical Bureau;
World Bank

II. AN OVERVIEW OF THE PUBLIC AND PRIVATE SECTOR

A. Value Added

Value added is a measure of production in an activity, excluding the value of goods and services purchased as inputs to production (and therefore avoiding problems of double-counting output). Gross domestic product¹ (GDP) is just the sum of value added in all activities in the economy. By splitting value added into public sector and private sector components, we measure the relative contribution of each sector to the production of goods and services.

Table IIA.1 subdivides value added into public and private components for all parts of the Guyanese economy in 1981. With certain exceptions,² the table was constructed by taking the official national accounts, and then deducting the value added in public sector corporations operating in different areas of economic activity. Generally,³ public sector corporations are assigned to a single economic activity, and value added within the public enterprise is deducted from overall value added, leaving private output as the residual.⁴

1 All footnotes in this report are given in Section VI.

TABLE II A.1

VALUE ADDED PRODUCED BY THE PRIVATE SECTOR

GUYANA 1981

| Activity | Total Value Added (Million G\$) | | Private Value Added | | % Private |
|-------------------------------------|------------------------------------|-----|---------------------|------|-----------|
| | | | | | |
| <u>Sugar</u> | 160 | | 12 | | 7.5 |
| Production | | 120 | | 12 | |
| Milling | | 40 | | 0 | |
| <u>Rice</u> | 54 | | 45.5 | | 84 |
| Production | | 43 | | 42.2 | |
| Milling | | 11 | | 3.3 | |
| Other Agriculture | 54 | | 52.4 | | 97 |
| Livestock | 44 | | 43.4 | | 99 |
| Forestry | 19 | | 13.7 | | 72 |
| Fishing | 20 | | 15.7 | | 78 |
| Mining and Quarrying | 101 | | 14.6 | | 14 |
| Bauxite | | 85 | | 0 | |
| Other Manufacturing | 150 | | 78 | | 52 |
| Food, Drink, Tobacco | | 55 | | 25.5 | |
| Construction & Engineering | 110 | | 60.1 | | 55 |
| Government | 276 | | 0 | | 0 |
| Other Services | 362 | | 193.9 | | 54 |
| Distribution | | 145 | | 59.1 | |
| Transportation | | | | | |
| and Communication | | 90 | | 30.2 | |
| Rent of Dwelling | | 23 | | 23 | |
| Financial | | 64 | | 41.6 | |
| Other | | 40 | | 40 | |
| TOTAL GDP AT FACTOR COST | 1,350 | | 529.3 | | 39 |

Further detail on important sectors of the economy may be found in subsequent sections of this study.

In general, private activity is most important in agriculture (other than sugar), livestock, forestry, fishing and certain service sectors. Manufacturing (other than rice and sugar milling and bauxite processing) is almost evenly split between state and private enterprise, as is construction and engineering. Note that since government housing units are included in the budget, and are therefore included in the government's contribution to GDP, the 'rent of dwelling' item in the national accounts refers exclusively to the private housing stock. Roughly 2/3 of the assets of the financial system are in private financial institutions, and it is assumed that value added follows the same pattern.

Overall, almost 40 percent of output is produced by the private sector in Guyana. If we had attempted to count the gross value received by private firms, however, we would have had to make two modifications. First, the Guyana Rice Board, through its pricing policies, effects a large transfer from private farmers to itself. This is discussed in detail below. Second, the Geology and Mines Commission realized a G\$.58 million operating surplus in 1981, which we have treated as a transfer from private production. Deducting these two items from the private side of the ledger and adding them to public income leaves the private sector with 37 percent of value added.

B. Employment

We estimate the employed population in Guyana in 1981 to have been, on average, about 165,000 to 170,000 people. While employment data, or for that matter, labor force data, are essentially nonexistent for Guyana in recent years, a number of different sources seem to indicate a figure in the range just given.⁵ If we take into account some probable undercounting of the employed population in the hinterland, particularly in gold and diamond mining, and perhaps some underenumeration of the working farm population, a figure in the 165,000 to 170,000 range seems reasonable.

The working population was broken down by sector in the 1960 and 1970 census, and in a special 1977 labor force survey, as follows:

| | 1960 -(working population)- in thousands | 1970 -(employment)- in thousands of workers | 1977 -(employment)- in thousands of workers |
|---|--|---|---|
| Agriculture, forestry, hunting and fishing | 59.8 | 46.3 | 48.0 |
| Mining and quarrying | 6.1 | 7.9 | 4.6 |
| Manufacturing | 26.3 | 23.9 | 34.8 |
| Construction | 13.8 | 8.3 | 10.3 |
| Commerce | 18.3 | 17.2 | 17.8 |
| Transport, storage and Communications | 7.7 | 7.8 | 7.8 |
| Other services | 29.1 | 44.8 | 41.6 |
| Not elsewhere classified or not specified | .2 | 3.4 | -- |
| TOTAL | 161.2 | 159.5 | 165.0 |

As can be seen from this table, employment has remained at fairly constant levels in Guyana over the last 20 years, although significant intersectoral shifts have occurred. If we take the 1977 intersectoral distribution of employment and apply it to a 1981 estimated employment of 165,000 workers, we arrive at the following breakdown (after applying 3,000 of our hypothesized undercount of 5,000 to mining and quarrying, and the remainder to agriculture).

| | Average estimated employment, 1981 (in thousands of workers) | Percent |
|--|---|---------|
| Agriculture, forestry hunting and fishing | 49 | 30 |
| Mining and quarrying | 6.5 | 4 |
| Manufacturing | 34 | 21 |
| Construction | 10 | 6 |
| Commerce | 17 | 10 |
| Transport, storage, Communications | 7.5 | 5 |
| Other services | 40 | 24 |
| <hr/> | | |
| TOTAL | 165 | 100 |
| <hr/> | | |

At the end of September, 1981, it was estimated⁶ that the public sector employed roughly 30,000 traditional public service employees, and about 75,000 other public sector employees.

In the aggregate, then, the public sector was directly responsible for about 64 percent of all employment in Guyana. This figure does not presumably, reflect part-time employment maintained by central government and public sector corporations.

It should be noted that the sectoral distribution used above does not correspond to the sectoral disaggregation used in Guyana's national accounts. This is because public sector corporations' operations are often assigned en toto to a single sector of the economy, while in reality, most corporations are responsible for a diversified mix of activities. Thus, employment figures (such as those above) based on survey methods will count in one sector public sector employee activities that are assigned to another sector in the national accounts.

Labor Force and Unemployment

To arrive at estimates of the total labor force size requires estimates of unemployment, which is a conceptually difficult task in Guyana. One way to do so is to count those who are unemployed and 'available for work.' If we do so, the relevant figures from the 1960 and 1970 census results, and the 1977 survey are:

| | 1960 | 1970 | 1977 |
|--------------------------------------|-------|------------------------|-------|
| | | (thousands of workers) | |
| Employed | 161.2 | 159.4 | 165.0 |
| Unemployed and available for work | 13.8 | 25.9 | 35.1 |
| Labor force | 175.0 | 185.3 | 200.1 |
| Unemployment rate (%) | 7.9 | 14.0 | 17.5 |

There are difficulties, however, with these concepts. For one thing, those engaged in 'household duties' are not considered to be employed; for another, there is no requirement that those 'available for work' actually look for work. In fact, in the 1977 survey, roughly 16 percent of those 'available for work' had never actually looked for work.

Nonetheless, we can provide data useful for various definitions of the labor force and unemployment for 1977. They are:⁷

| | Labor Force (thousands) | Rate of Unemployment |
|--------|----------------------------|-------------------------|
| Urban | 59.9 | 16.4 |
| Rural | 132.6 | 13.3 |
| Guyana | 192.5 | 14.3 |

The concept of unemployment used in these calculations is that of those unemployed who were 'active', i.e., had at some time sought work, and does not count as employed those engaged in household duties.

The 'unemployment rate' (clearly a nebulous term in light of the above discussion), is thought by many we talked to to have been around 25 to 30 percent in 1981. There was a general feeling that it had increased substantially since the late 1970's.

C. Public Employment

State corporations are generally assigned in their entirety to different activities in the national accounts. Consequently it is not possible to assign the employment (by industry) figures resulting from different labor force surveys to corresponding sectors in the national accounts because the public corporations generally carry on a variety of industrial activities. We can, however, estimate employment in the major public corporations, and thus assign public employment to its corresponding item in the national accounts. This is done in Table II C.1.

The sugar and bauxite industries - outside of the central government - are the largest employers, followed by 'other services,' manufacturing, distribution, and transportation and communication. The public corporations in the GUYSTAC group employed a little under 19,000 employees in 1981.

TABLE II C.1

ESTIMATED PUBLIC EMPLOYMENT BY
ACTIVITY IN THE NATIONAL ACCOUNTS
GUYANA, LATE 1981

| | |
|-------------------------------------|---------|
| Sugar | 28,500 |
| Rice | 2,800 |
| Livestock | 200 |
| Forestry | 500 |
| Fishing | 400 |
| Mining & Quarrying | 10,350 |
| Other Manufacturing ¹ | 5,250 |
| Construction & Engineering | 2,700 |
| Other Services | |
| Distribution ¹ | 4,350 |
| Transportation and Communication | 4,150 |
| Financial | 1,450 |
| Other ² | 7,350 |
| Government ³ | 35,600 |
| | <hr/> |
| TOTAL | 103,600 |
| ***** | ***** |

¹ Guyana Pharmaceutical Corporation employment is apportioned 60 percent distribution, 40 percent manufacturing.

² Includes miscellaneous technical and training institutions, GUYSTAC secretariat.

³ Includes an estimate of the size of the armed forces, as well as traditional public service.

* Guyana State Corporation

D. Exports

In analysing the origin of exports, it is important to distinguish between exports marketed by the public sector and exports produced in the public sector. Many goods which are essentially produced in the private sector are marketed by public corporations, distributors, or export boards (for example, rice, wood and gold). If we restrict our attention to exports marketed by public enterprises, it appears that 97 percent of official merchandise exports passes through public corporations, as do almost 2/3 of service exports:

| | Total Millions G\$ | Public Enterprise Export Sales Millions G\$ | Public as Percent of Total |
|------------------------|-----------------------|---|----------------------------------|
| Merchandise exports | 962 | 935 | 97 |
| Service exports | 61 | 40 | 66 |
| All exports | 1023 | 975 | 95 |

(Source: Estimates of the Public Sector, 1982)

Table I} D.1 displays our estimates of the breakdown of merchandise exports when the physical location of production of the goods is defined as its origin (rice is considered to be entirely private, since its processing contributes relatively little of the total value added). Approximately one fifth of exports appear to originate in the private sector.

It should also be pointed out that we have restricted our attention to legal, official merchandise exports. It is widely acknowledged that a large "parallel economy" exists in Guyana, oriented toward the clandestine import and export of a large variety of goods, both by small scale entrepreneurs ("hucksters") and larger-scale organised smuggling operations. In June of 1982, a figure of G\$ 10 to G\$ 15 million per month (presumably at the black market rate of G\$ 5 to the US\$ 1.) was widely cited when this trade was discussed. The main illegal exports seem to be gold (official production in 1980 was 11,000 ounces, while actual production in the lower Mazaruni alone was reported to be close to 100,000 ounces⁸), diamonds, forest products and rice (see the discussion on agriculture which follows). Needless to say, most of this production of forest products, gold and diamonds is probably omitted from all official statistics, including the national accounts.

Table II D. 1

Origin of Exports, 1981

| | Value Millions G\$ | Estimated Percentage Originating in | |
|-------------------------------|-----------------------------|--|-----------------------|
| | <u> </u> | <u>Public Sector</u> | <u>Private Sector</u> |
| <u>Major Exports</u> | | | |
| Bauxite & Aluminium | 427 | 100 | 0 |
| Sugar | 299 | 100 | 0 |
| Rice | 110 | 0 | 100 |
| <u>Total</u> | <u>836</u> | <u>87</u> | <u>13</u> |
| <u>Minor Exports</u> | | | |
| Alcoholic Beverages | 25.0 | 100 | 0 |
| Appliances | 18.5 | 0 | 100 |
| Wood | 15.3 | 10 | 90 |
| Molasses | 12.8 | 100 | 0 |
| Pharmaceuticals and Cosmetics | 9.0 | 100 | 0 |
| Garments | 4.1 | 0 | 100 |
| Shrimp * | 3.8 | 70 | 30 |
| Footwear | 1.5 | 0 | 100 |
| Fish | .7 | 0 | 100 |
| Spices | .4 | 0 | 100 |
| <u>Total</u> | <u>91.1</u> | <u>56</u> | <u>44</u> |
| Total, Major and Minor | 927 | 84 | 16 |
| Other Exports | 35 | 0 | 100 |
| Total, All Exports | 962 | 81 | 19 |

Sources: Statistical Bureau, Bank of Guyana

* It appears that a substantial amount of shrimp exports by a foreign-owned processor is not included in the trade statistics, perhaps because they are regarded as an offshore processing operation.

E. TAXES

This section examines the Income Tax and Corporation Tax paid by economic undertakings. The revised estimate for receipts of income and corporation taxes by Central Government in 1981 is G\$130.1 million and of this amount, G\$55m or 42%, were paid by non-financial public corporations. If one estimates that all government corporations paid approximately G\$58m, then the proportion rises to 45%; the private sector, therefore, contributed about 55%. It is estimated that receipts from all public corporations were G\$51m and G\$61m in 1979 and 1980 respectively, that is, 53% and 52% of the total; in other words, the share of the private sector appears to have increased slightly.

Detailed information on non-financial public corporations show that in 1981, with the exception of Guyana Telecommunications Corporation, the principal taxpayers were all involved in distribution and retailing.

COMPANY TAXES - INCOME AND CORPORATION

| | <u>1979</u> | <u>1980</u> | <u>1981</u> |
|---------------------------------------|-------------|-------------|-------------|
| Receipts by Central Government (G\$m) | 96.8 | 118.1 | 130.1 |
| Taxes from All Govt. Enterprises | 51 | 61 | 58 |
| Share of Govt Enterprises (%) | 53 | 52 | 45 |
| Share of Private Enterprises (%) | 47 | 48 | 55 |

F. Investment

In this section, we are unable to discuss the stock of assets in the country because of the unavailability of data. In addition, the section deals with new fixed investment only and therefore excludes changes in stocks. Table II F.1 shows that in 1970 fixed investment was estimated at G\$113 million; in 1974, the corresponding figure was G\$198 million, almost twice as much followed by a sharp rise in 1975 (G\$350m). After 1976, there was a decline to G\$ 242 million in 1978, and then it rose again to G\$493m in 1981. Data for fixed investment using constant 1978 prices are shown in Table II F.2.

Table II F.1

FIXED CAPITAL FORMATION

PER ANNUM

| <u>Year</u> | <u>Private G\$ m</u> | <u>Private %</u> | <u>Public G\$ m</u> | <u>Public %</u> | <u>Total G\$ m</u> |
|-------------|----------------------|------------------|---------------------|-----------------|--------------------|
| 1970 | 58 | 51 | 55 | 49 | 113 |
| 1971 | 37 | 36 | 66 | 64 | 103 |
| 1972 | 35 | 32 | 73 | 68 | 108 |
| 1973 | 48 | 31 | 107 | 69 | 155 |
| 1974 | 63 | 32 | 135 | 68 | 198 |
| 1975 | 70 | 20 | 260 | 80 | 350 |
| 1976 | 70 | 18 | 311 | 82 | 381 |
| 1977 | 60 | 21 | 230 | 79 | 290 |
| 1978 | 47 | 19 | 195 | 81 | 242 |
| 1979 | 65 | 20 | 260 | 80 | 325 |
| 1980 | 70 | 17 | 334 | 83 | 404 |
| 1981 | 60 | 12 | 433 | 88 | 493 |

Source: Statistical Bureau

Table II F.2

FIXED INVESTMENT - CONSTANT PRICES 1978.

| <u>Year</u> | <u>Value G\$ m</u> |
|-------------|--------------------|
| 1976 | 492 |
| 1977 | 344 |
| 1978 | 242 |
| 1979 | 288 |
| 1980 | 324 |
| 1981 | 337 |

Source: IBRD Guyana - Recent Developments and Short-Term Prospects, 1982

In 1976, fixed investment represented 34% of GDP at market prices, while the shares in 1978 and 1981 were 19% and 28% respectively; national savings have not kept pace with investment and in 1981 were estimated to be only G\$15 m. (See below)

Table II F. 3

FIXED INVESTMENT AND NATIONAL SAVINGS

| Year | Fixed Investment G\$m | % of GDP at Market Price | National Savings G\$m | % of GDP at Market Price |
|------|-----------------------|--------------------------|-----------------------|--------------------------|
| 1976 | 381 | 34 | 66 | 6 |
| 1978 | 242 | 19 | 126 | 15 |
| 1981 | 493 | 28 | 15 | 1 |

Sources: Ministry of Economic Planning and Development - Statistical Bureau.

IBRD Guyana - Recent Developments and Short-Term Prospects, 1982

Private sector investment accounted for 51% of the total in 1970 with G\$58m, while the share of the public sector was G\$55m. However, since then, fixed investment by the public sector has steadily risen to G\$433m in 1981, while private investment has fluctuated over the same period reaching a maximum of only G\$70m; as a result of this, the sector's share of total investment fell to a mere 12% in 1981. Since 1969, the public sector has accounted for 78% of the total outlays on investment.

The dramatic increases in public sector investment can perhaps be explained by the Government's increasing participation in the economy, along with a number of infrastructural and social projects. The fluctuations in private sector investment between 1976 and 1980 have been attributed to the scarcity of foreign exchange and the lack of understanding between private interests and government.

It is not possible to provide a breakdown of investment according to the nature of investment (machinery, buildings, etc), nor according to sectors. However, official data given in Table II F.4 show the share of the manufacturing sector in total investment and the relative shares of the public and private sectors in manufacturing investment for the years 1978 to 1980.

Table II F.4
INVESTMENT IN MANUFACTURING SECTOR.

| | 1978 | 1979 | 1980 |
|---|------|------|-------------------|
| ¹ Investment in Manufacturing (GSM): | 27.2 | 40.1 | 91.1 |
| Share of Manufacturing Sector in fixed investment (%): | 11.2 | 12.3 | 22.5 ² |
| Shares in Manufacturing investment (%): | | | |
| Private Sector | 15 | 10 | 34 |
| Public Sector | 85 | 90 | 66 |

Source: Information submitted in UNIDO document "Progress Made Towards Accelerating Industrialisation in Developing Countries."

1. Manufacturing includes sugar and rice-milling but excludes bauxite processing.
2. Figure given here differs slightly from figure in the UNIDO document above

Apart from social programmes, the public sector has invested and proposes to invest substantial sums in the rice industry (Mahaica-Mahaicony-Abary (YMA), Black Bush, Lapakuma and GRB^{*} Rice Modernisation Projects), transportation and infrastructure (West Coast Roads Improvement and Essequibo Sea Defences), forestry (Demerara Woods Ltd), public corporations such as BIDCO/GUYMINE^{**}, and GUYSUCO^{***} and a number of manufacturing projects (textile mill, glass factory, edible oil plant). In recent years, the principal new manufacturing projects established by the private sector have been an appliance plant, a sawmilling complex by an entrepreneur who was already involved in forestry, a plywood plant and a cannery.

^{*}Guyana Rice Board Bauxite Industry Development Company/Guyana Mines

^{***}Guyana Sugar Corporation

G. FOREIGN INVESTORS

Foreign entrepreneurs and foreign investment were dominant elements in the Guyanese economy up until the 1970's, particularly British investment in sugar, rum and commerce and Canadian and American investment in bauxite. Nevertheless, local entrepreneurs and investment were of growing importance after World War II, particularly in forestry, rice and small business activities.

A number of new foreign-owned enterprises were established in Guyana following independence in 1966, in the banking, hotel, manufacturing and distribution areas, although the total amount of foreign investment in new enterprises must have been relatively small.

However, during the 1970's many of the major foreign companies were nationalized by the government beginning with the largest Canadian-owned bauxite company in 1971. This was followed by the nationalisation of the U.S.-owned bauxite company in 1975 and the British-owned Booker McConnell holdings in 1976; the latter group held investments in sugar, rum, commerce, engineering and other activities. These takeovers, together with unfavorable economic and regulatory conditions, appear to have discouraged significant new foreign enterprises from being established since the mid-1970's. There have also been some closures and withdrawals, particularly by foreign nationals in commerce and other small businesses.

There are a few exceptions to these trends. There has continued to be an active interest by foreign companies in oil exploration both inland and off-shore. A Canadian company reportedly has invested over G\$ 100m on exploration in the interior.

A Canadian-U.S. joint venture is preparing to do off-shore exploratory drilling and one or two other firms are considering off-shore exploration. There is also some foreign exploratory activity in gold and uranium.

Another exception to the negative trend of foreign investment over the past decade has been the investments by a Trinidad firm in Associated Industries Limited and Demerara Oxygen Company Limited, and some U.K. shareholding and International Finance Corporation (IFC) financing in Guyana Refrigerators Ltd. (GRL) and Industrial Domestic and Electrical Appliances Ltd. (IDEAL).

A substantial number of foreign owned enterprises continued to do business in Guyana during the 1970's although the intensification of the exchange shortage and restrictions on profit and other foreign exchange remittances over the past two years have placed continued viability of many in doubt.

The exact number of companies with some foreign participation cannot be readily established, but the major foreign-controlled ones include (list is illustrative, not comprehensive):

| <u>Sector</u> | <u>No. of Companies</u> | <u>National origin of foreign participation</u> |
|------------------|-------------------------|---|
| Banking | 5 | Canada, U.K., U.S., India |
| Insurance | 3 | U.S., Trinidad, India |
| Oil Distribution | 3 | U.S., U.K. - Holland |

| <u>Sector</u> | <u>No. of Companies</u> | <u>National origin of foreign participation</u> |
|--|-------------------------|---|
| Hotel | 1 | U.K. |
| Tobacco | 1 | U.K. |
| Shoes | 1 | Canada |
| Scafood | 1 | U.S. |
| Millirg | 2 | U.S., U.K. |
| Light Mfg., Assembly, Distribution, other | 5 | U.S., U.K., Trinidad |
| Engineering and Construction | 1 | U.K. |

There are, in addition, a number of enterprises in which investors resident in the U.K. and the Caribbean have minority holdings, foreign firms (U.S., Dutch, Canadian and U.K.) providing engineering or other specialized services employed on specific contracts, and a number of entrepreneurs of foreign origin long resident in Guyana engaged in commerce and small-scale activities.

III. IMPORTANT AREAS OF PRIVATE SECTOR ACTIVITY

A. Agriculture

Agriculture in Guyana is divided into two physically discrete segments. Sugar estates owned by GUYSUCO, a state enterprise, are responsible for growing the vast bulk of the major crop, sugar cane, and GUYSUCO also processes the entire crop. Approximately 25,000 private farms, on the other hand, are responsible for almost all production of rice, other foodcrops, and livestock; a public corporation, however, does most rice processing. Since private farms engage in a mix of activities, it is essentially impossible to further disaggregate private agricultural employment.

Agriculture is of critical importance to Guyana. Value added in sugar, rice, other crops, and livestock, amounted to G\$ 312m in 1981, or about 23 percent of GDP at factor cost. Production of these items (excluding processing) came to about 19 percent of GDP. Foreign sales of the two important agricultural exports, sugar and rice, amounted to about 43 percent of merchandise exports.

In the aggregate, agriculture makes somewhat less intensive use of imported inputs than other economic activities undertaken in Guyana; that is, it uses less imported inputs per dollar of value added. In 1977, it was estimated that the direct import content of agricultural inputs amounted to about G\$104 million, or about 16 percent of imports of intermediate and capital goods.⁹ There was considerable variation by type of product, however. Rice production is estimated to have required about G\$25 million in

Exports by the public and private sectors were largely in different types of products, so that they were generally non-competitive. About 20% of total exports in 1981 originated in the private sector; although 97% of all exports were marketed by state-controlled organizations

Exports originating in the private sector were:

| | |
|----------------------|----------|
| rice | garments |
| household appliances | footwear |
| fish and spices. | |

Bauxite and alumina, sugar, alcoholic beverages, molasses, pharmaceuticals and shrimp, originated in the public sector

Foreign private investment was most important in finance, mineral exploration, fishing and light manufacturing. Foreign private investment has shown little growth since the early 1970's.

Important areas of private sector activity include agriculture (other than sugar), forest products, fishing, processed foods and beverages, textiles and clothing and certain metal working manufactures. Substantial interests may also be found in construction, non-financial services and banking and finance.

State firms compete with the private sector in industries such as alcoholic beverages, processed food, soaps and detergents, paints, forest products, rice milling, printing, fishing, construction and distribution.

imported inputs, other foodcrops about G\$ 2.4 million, livestock and poultry perhaps G\$3 million.¹⁰ In terms of direct imports per dollar of value added in 1977, we then find rice to have required 51 cents in direct imports for every dollar of value added, other crops about 7 cents, livestock about 10 cents, and other activity (sugar and rice milling, sugar production) about 65 cents.

In 1977, we estimate about 29,000 agricultural workers to have been working in private crops, and perhaps 16,500 workers to have been employed on the public sugar estates.¹¹ Thus, in 1977, almost 2/3 of employment directly involved in agricultural production (excluding processing) was in the private sector, and the remainder on public sugar estates.

By 1981, we judge that employment in private agricultural production had probably fallen somewhat, perhaps 10 percent, while public sector sugar field employment had increased by 1000%.¹² Thus, in 1981 we estimate sugar field employment to have been about 18,000; rice, livestock, and other crops perhaps 26,000. The public/private split for agricultural production employment would then have been about 60 percent private, 40 percent public.¹³ If we also include agricultural processing employees, we must add on to public employment about 11,000 factory and head office employees of GUYSUCCO, and perhaps 3,000 employees of the Guyana Rice Board.¹⁴ The result, then, for all agricultural production and processing

would be roughly 26,000 private sector agricultural workers and 32,000 employees of publically-owned corporations; i.e. 45 per cent private employment.

We can be considerably more exact about value added in the public and private portions of the agricultural sector. Using the detailed analyses of specific subsectors given below, we estimate value added produced in the private sector to have been about 49 percent of the GDP generated in agriculture (sugar and rice production and processing, other crops and livestock). Because (as is discussed below), the operations of the Guyana Rice Board effectively transfer a large portion of the value added in rice production to the state-owned board, an estimate of the agricultural value added received by the private sector would have been smaller, that is, 42 percent of sectoral output.

The Sugar Sub-Sector

Sugar production is (with the exception of the variety of services provided by government) the largest single source of value added in the Guyanese economy. Cane production contributed 8.9 percent of Guyana's GDP in 1981, while sugar milling added another 3 percent of GDP.

The Guyana Sugar Corporation (GUYSUCO), a state enterprise, is responsible for all sugar milling in Guyana, and sugar estates that it operates supply 90 percent of the cane furnished to the mills. GUYSUCO employed about 29,000 employees in 1981, of which an

estimated 18,000 were in the field. Sugar cane in the private sector is cultivated as a small-scale cash crop by specialized farms which generally devote a large portion of their acreage to cane. Overall, about 8 percent of sugar value added is generated by private farmers.

Exports of sugar are quite important. In 1981, they accounted for 31 percent of merchandise exports. Sugar is also an input to the manufacture of alcoholic beverages, a significant export item.

The Rice Sub-Sector

Although rice production and processing only accounted for 4 percent of GDP, its importance as an economic activity far surpasses its share in aggregate value added. Processed rice accounted for more than 10 percent of Guyana's official merchandise exports, and a large part of the rural work force is engaged in some rice cropping activity. In 1978, some 57 percent of income from crop sales by rural farm households came from the spring and autumn rice crops.¹⁵

Rice production is almost exclusively private. The Guyana Rice Board (GRB) grows a nominal amount of paddy, mainly for seed; in 1981, according to GRB figures, this amounted to about 1.8 percent of total paddy production. Paddy is sold to either the GRB or private millers for processing, or milled privately under contract to the GRB.

The second major economic activity in the rice sector, milling, is now largely public. In 1981, it is estimated that some 70 percent of milling was done by the GRB.¹⁶ Of the private milling, a significant percentage of the volume of rice milled is done under contract to, and at a price fixed by, the GRB. In 1980 the proportion of rice milled by the private sector under contract to the GRB amounted to 14 percent, (of the 47 percent of the crop milled privately) down from the 32 percent (of the 42 percent milled privately) done under contract in 1979.¹⁷

Unfavorable prices for paddy input and milled rice output appear to have been associated with the decline in private milling activity in 1981. In mid-1981, the GRB controlled 12 rice mills with a capacity of 42.5 metric tons/hour, compared with a private capacity of 107 metric tons/hour. Because of low returns on milling activity, difficulty in obtaining spare parts, and the more modern plant available to the GRB, only 56.5 metric tons/hour of private capacity were estimated to have actually been utilized in mid-1981.¹⁸

The GRB also has influence on private rice farming activity through the fleet of equipment it operates. It owns 5 percent of the national tractor fleet used to prepare 5 percent of total acreage, and 30 percent of combines which harvest 13 percent of the paddy.

While its fleet is more modern than the stock of equipment owned by private rice farmers (2/3 of private tractors over 10 years old, 72 percent of private combines over 18 years old), proportionately more of its equipment is sidelined by operational and maintenance problems.¹⁹ The GRB also owns the only modern

storage silo facilities in the country.

The GRB has the exclusive responsibility for marketing rice, both locally and for export, and controls the price of both paddy and processed rice, as well as the prices of essential inputs which it supplies to farmers. The net effect of the price controls is a substantial transfer of income from farmers to the GRB; this can be seen by examining the national accounts and the books of the GRB. Allocating value added on the basis of milling and production shares of the private sector, more than 98 percent of the value added in rice production, and about 30 percent of the value added in rice processing - about 84 percent of value added in the rice economy overall - is produced by the private sector. Since the books of the GRB show that it generated 77 percent of rice value added internally, roughly 61 percent of the value-added in rice was transferred by price and marketing policies from private rice growers to the GRB in 1981.²⁰

Although the GRB is the only legal distributor of milled rice in the country, there are some indications that a significant leakage from official distribution channels exists. At the aggregate statistical level, there are unexplained discrepancies between official statistics on production, and the amounts of rice accounted for by local sales, exports and stock changes. Calculations based on these discrepancies suggest that in excess of 10 percent of rice production, in 1981, entered the so-called "parallel economy".²¹ The exact location of these leakages - in the operations of private farmers and millers, or in the processing

and marketing operations of the GRB - is unknown. It is thought that most of such leakage is probably exported to the Caribbean market. Legal exports, in 1981, amounted to about 48 percent of production.

Although it is difficult to definitively assess the ability of private farmers to increase production of rice (and the other foodstuffs they produce), there are indications that an increase could be realized. The Rural Farm Household Survey indicates that in 1979, 27 percent of the acreage on private farms was unused, and 14 percent employed as grazing land.²² Farmers, when asked, generally replied that the use of their land was "too expensive", often because of water control (poor drainage or lack of water). It would seem likely that policies aimed at increasing the returns to rice production, or for that matter, the cultivation of other crops, might bring marginal land into production.

More intensive use of agricultural inputs might also raise yields on existing lands somewhat. Improvement in the availability and ease of use of fertilizer and machinery, might be expected to improve productivity. In the 1978 Rural Farm Household Survey, roughly one-third of all farms reported difficulties in obtaining supplies of inputs, or the services of machinery and equipment.²³ These problems have almost certainly been exacerbated by Guyana's recent difficulties in obtaining needed foreign exchange for imports of inputs and spare parts.

Other Foodcrops

Strictly speaking, it is not completely accurate to speak of a rice "subsector", since most private farms raise some rice, and a variety of other foodstuffs. In 1979, for example, rural farm households devoted 35 percent of their acreage to rice, and 22 percent to other foodstuffs.²⁴ In the aggregate, production of these other foodstuffs was quite important, amounting in 1981 to about G\$ 54 million in value added, or about 4 percent of GDP.

With few exceptions, these other products - including coconuts, ground provisions, some small amount of sugar cane (discussed under the 'sugar cane' subsector) plantains, fruits and vegetables, and coffee - are exclusively grown by private farmers. The exceptions are GUYSUCO's rather minimal production of corn, cassava, pumpkins, and blackeye peas, and 100 or so acres of paddy, mainly for seed, cultivated by the GRB. The Guyana Defence Force also produces small amount of foodstuffs. The 3,000 acre Hope coconut plantation is also run by the State. We estimate agriculture, other than rice and sugar, to be 97 percent private.

Only very insignificant amounts of these other foodcrops are exported.

Livestock

The livestock subsector accounted for roughly G\$ 44 million in 1981, or about 3.3 percent of GDP. It is almost entirely a private sector activity. Value added in the Livestock Development Company, a

state-owned enterprise, amounted to about G\$ 600,000, a little over half of one percent of livestock value added, and employed roughly 200 people.

Only insignificant amounts of meat and poultry are exported.

B. Forest Products

This sector is defined for our purposes to include logging, sawmilling, and the manufacture of charcoal, plywood and other wood products. For convenience, all furniture is included here, including products partly based on other materials.

A little over 85 percent of Guyana's land mass consists of tropical forests of highly mixed species, often in thin stands and of which only a few are well established in commercial markets. Only about 8 percent of the total forested area is presently being worked, much of the rest being considered as inaccessible. Average yields are estimated at 1,500 to 2,000 cubic feet of timber per acre.

The main commercial species, Greenheart, may account for 10 percent of the stands, and has a well established position in domestic and foreign markets because of its durability and exceptional suitability for marine uses. Other species of present commercial value include Wallaba for poles and shingles, Mora and Kabukalli for general construction, and Crabwood, Wamara and Purpleheart for furniture and related uses.

Forestry output was relatively stable between 1973 and 1975, between 8 and 9 million cubic feet per annum, but declined sharply after 1976, amounting to only 5 million cubic feet (or 37 million board feet) per annum in 1980 and 1981. Forestry's contribution to GDP steadily declined from 1.3 percent in 1970 to 1 percent in 1978 and further to 0.7 percent in 1981.

Although there are over 90 licensed logging and sawmilling operations, a few large integrated producers account for most of the output. The five major private mills accounted for 31 percent of output in 1977 and 35 percent in 1980. Two other private mills accounted for another 9 percent of output in 1980. Two government-owned mills accounted for 4 percent of output in 1977 and nearly 9 percent in 1980. The share of the numerous smaller private mills in output has accordingly sharply declined, but still accounted for 46 percent of 1980 output. Employment in logging and lumber production can only be roughly estimated at around 7,000 with private enterprise, accounting for approximately the same share of employment as of output-around 90 percent.

Exports have accounted for a relatively small but rapidly rising share of production, increasing from a roughly estimated share of 12 percent in 1977 to around 18 percent in 1981. However, the principal private exporters export 50 to 75 percent or more of their output. The rising relative importance of exports reflects both a sharp decline in domestic sales with a slowdown in housing construction in the late 1970's, and an actual annual increase in the volume of exports of about 8 percent per annum from 1977 to 1980. In 1980, timber exports still accounted for only about 1.5 percent of Guyana's total exports of goods and services, up from 1.2 percent in 1976. Official export figures are believed to somewhat understate actual exports.

The four largest private producers accounted for 75 percent of official exports in 1976, 78 percent in 1980, and 74 percent in 1981. Total private sector exports of timber accounted for 86 percent of exports in 1976, 94 percent in 1980, and 88 percent in 1981. The share of the government companies has fluctuated markedly from year to year and accounted for 14 percent in 1976 and 12 percent in 1981.

Major expansion of logging and sawmilling capacity aimed at production for the export market was initiated in the late 1970's. An interest-free loan of Canadian \$8 million to be repaid at 7 percent interest, together with technical assistance, was provided by the Government of Canada for the forestry industry. A total of \$6.3 million was disbursed during 1979 through the Guyana Cooperative Agricultural and Industrial Development Bank and most of the remainder in 1980. Of the amounts disbursed in 1979, 57 percent went to 5 major private companies and 43 percent to government producers. Multilateral lending institutions also provided large loans for a new government logging and milling complex at Mabura, Demerara Woods Limited (DWL), which was expected to employ some 1,500 persons and would require an investment of well over G\$100 million when in full operation. The added capacity of government-owned DWL and a new privately-owned complex of closely comparable size being constructed in the same general region, Interior Forest Industries Limited (IFIL), would increase the total capacity of the forest sector by at least 50 percent.

However, IFIL, by early 1982, was only about 80 percent complete and DWL was much further behind, although it was cutting and selling logs in what is one of the richest stands of Greenheart.

Exports prior to 1974 were controlled by a consortium of the major producers. In 1973, the government established the Guyana Timbers Export Board/ ^(GTEB) which took over control of all foreign sales in 1974, remitting the proceeds to the producers in local currency less a 6 percent fee, raised to 7 percent in 1981.

Forestry

TABLE III B.1
OUTPUT OF TIMBER
PRIVATE AND PUBLIC SECTORS

| | | <u>1977</u> | <u>1978</u> | <u>1980</u> |
|----------------|----------|-------------|-------------|-------------|
| Total Output | '000 FBM | 40,041 | 35,541 | 37,212 |
| Private Sector | % | 96.3 | 95.2 | 91.4 |
| Public Sector | % | 3.7 | 4.8 | 8.6 |

¹
FBM - Board Feet Measurement

Forestry

TABLE B 2
CONTRIBUTION TO EXPORT SALES BY
VOLUME - PRIVATE AND PUBLIC SECTORS %

| | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Private Sector | 86 | 92 | 94 | 90 | 94 | 88 |
| Public Sector | 14 | 8 | 6 | 10 | 6 | 12 |

SOURCES: A Management Accounting System for the Forest Based Industry of Guyana - LGW Business Consultants Ltd.

Guyana Forestry Commission - Marketing Division

Although the GTEB's overseas marketing efforts were reportedly helpful in widening foreign acceptance of Guyanese timber, especially for smaller mills, the large private producers came to regard the GTEB as a major impediment to export because it prevented producers from having direct contact and relations with foreign clients, it was less skilled, efficient and knowledgeable than private producers in securing foreign sales, and reduced producer incentives through its policies in allocating sales. In 1981, the GTEB was absorbed into the Guyana Forestry Commission - the Government agency responsible for collecting royalties on forest cuttings. The marketing unit in the Guyanese Forestry Commission is reportedly pursuing a somewhat more flexible policy, but the major objections of the private sector to the government marketing functions remain. There is also concern that very little is being done to achieve market recognition abroad for species other than two or three that have been exported in the past.

The shortage of foreign exchange and increased dependence on government trading corporations for imported parts and supplies have pushed up costs and impeded production in recent years. It has been estimated that mills may be operating at around 50 percent capacity - apart from the major new capacity being established by DWL and IFIL. Idle capacity is reportedly particularly high in the Corentyne region where there is a heavier dependence on marketing lesser known varieties.

The outlook for exports of forest products is subject to a number of external uncertainties. Heavily depressed housing markets in North America and general world-wide recession is intensifying competition in world forest product markets. Guyanese lumber, when shipping costs are taken into account, is relatively high/ⁱⁿcost in all of its major foreign markets (U.K., Europe and United States). Greenheart has established a position in these markets, largely due to its exceptional suitability for marine uses. However, by 1977, Guyanese greenheart was beginning to be undersold in the U.K., its major overseas market, by comparable wood from Africa and Asia. Sales in the CARICOM market are subject to heavy competition in their present uses from lower cost soft wood, and this may be intensified in coming months by distress sales by North American softwood producers. The regrowth of Southern hardwood forests in/^{the}United States is also making available large volumes of relatively low cost hardwoods available in that market, posing competitive problems for new species of hardwood from Guyana. Despite existing and threatening problems, and its relatively small contribution to national output, employment and foreign exchange earnings, Guyana's timber industry is nevertheless both one of the most vigorous and promising sectors of private enterprise in Guyana.

The principal products other than logs and lumber are plywood, pre-fabricated houses, charcoal and furniture. Guyana's single plywood plant was established by a local private entrepreneur

in 1981 and began production in 1982. It plans to produce both for domestic and the CARICOM market. Pre-fabricated houses are produced by the government-owned Guyana Timbers Limited, which exported G\$326,000 of these to the CARICOM market in 1981.

Charcoal production is carried on by a number of small firms reportedly expanding with government encouragement, aided by the high cost and shortages of alternative fuels. Charcoal exports amounted to G\$157,000 in 1981. The government-owned Hope coconut plantation was reported to be considering charcoal production in 1982.

Furniture, pallets, cases, and other wood products are produced by a number of firms, with an estimated 75 to 85 percent of the output accounted for by the five largest firms. One firm is reportedly successfully exporting high quality wooden furniture in knockdown form. Total exports of miscellaneous wood products amounted to G\$332,000 in 1981. A small output of chairs from used barrels is also produced by the government-owned Guyana Liquor Corporation.

C. Fishing

The production of the fishing industry in Guyana has remained roughly constant since the late 1970's. It is overwhelmingly a private sector activity; the only state company in the field, Guyana Fisheries Limited (GFL) has a fleet of ten boats.

A loan from the Inter-American Development Bank will finance the purchase of twenty new trawlers. The large processing plant run by the GFL, built around 1980, was reported to be running at only a fraction of capacity.

Output of fish (excluding shrimp, fell somewhat from 44 million pounds in 1979 to 40 million pounds in 1980, and rose slightly to 41 in 1981. There were at least three private commercial fish firms in operation in early 1982, and a fourth was commencing operations at mid-year. Exports of fish amounted to about G\$700,000 in 1981.

As a source of foreign exchange, shrimp was a far more important product. Production fell to about 6.2 million pounds in 1981, after a surge in 1980 to 8.1 million pounds, above the 7 million pound production level which more or less held constant during the late 1970's. A foreign-owned processor with a fleet of almost 90 vessels accounts for over 70 percent of this production, which is largely exported. State-owned GFL was estimated to take under 6 percent of the catch in 1981. Export earnings from shrimp amounted to almost G\$ 4 million in 1981. However, it appears that much of

the foreign-processed catch does not show up in these export figures, possibly appearing instead as a service export.

D. Processed Foods, Beverages and Tobacco

The processed food sector consists of a number of small bakeries, 2 biscuit factories, 3 major edible oil mills, a flour mill, stock feed mills, butter and margarine plants and some producers of condiments, sauces, jellies dehydrated fish and other processed foods. At least one private firm producing sauces and condiments, exports about 20 percent of its output in part to CARICOM and in part to the U.S. and the Canadian market, and is in the process of expanding its capacity.

Although the processed food sector is predominantly private, government companies produce a wide range of products. The major stock feed plant is government-owned. GUYSUICO produces cassava and plantain flour, starch, cassareep and edible oil. The Guyana Liquor Corporation produces preserves and vinegar. The Livestock Development Company has a milk pasteurization plant. The Guyana Marketing Corporation operates a juice cannery and produces preserved meats such as ham and bacon. Finally, Guyana Pharmaceutical Corporation produces baby food, dried fruit, sauces, and edible oil.

The beverage industry consists of about six companies: one major private producer providing 100 percent of domestic beer production, around 90 percent of soft drinks, and small amounts of cider and wine. It accounts for about 35 percent of domestic rum sales by blending and bottling liquor purchased from government distilleries. It has also retail outlets as

well as several restaurants, bars and a guest house. This company has recently expanded its brewery and employs around 850 persons. It is also considering diversifying into several lines of processed foods. In addition, there are 3 or 4 small private bottlers of soft drinks. Finally, there are the government distilleries controlled by Guyana Liquor Corporation which produce all of the locally distilled liquor and employ around 900 persons. It supplies about 65 percent of the rum consumed locally. Its total sales in 1980 were \$84 million of which \$24 million were exported.

The tobacco industry consists of one long established U.K.-owned company which employs around 150 factory workers. It also grows a part of its tobacco requirement, and is in the process of expanding this production.

OUTPUT OF SELECTED COMMODITIES - FOOD & BEVERAGES

| <u>Commodity</u> | <u>Unit</u> | <u>1974</u> | <u>1978</u> | <u>1981</u> |
|----------------------|--------------|-------------|-------------|-------------|
| Rum | Million P.G. | 6.0 | 3.4 | 3.9 |
| Beer & Stout | Million Gal. | 2.0 | 3.6 | 3.5 |
| Margarine | Million lb. | 2.8 | 4.3 | 5.3 |
| Edible Oil | '000 gal. | 290 | 336 | 317 |
| Ham, Bacon, Sausages | '000 lbs. | 405 | 411.3 | n.a. |
| Stock feed | Million lbs. | 58.2 | 110.3 | 116.2 |
| Flour | '000 kg. | 36.5 | 35.3 | 34.4 |

P.G. = Proof Gallons - n.a. = not available

E. Textile, Clothing and Related Manufactures

There is only one textile mill in Guyana, a government owned plant which came into operation in 1980 with a capacity to produce about 2 million metres of cotton cloth per year. It employed 850 persons in 1981, operating at about 80 percent of capacity.

There are about 50 firms producing various types of garments and related manufactures including hats, shoes and handbags. Many of these firms are very small and some may be currently inactive. Most of the garment output is produced by seven private firms, the largest of which at full capacity employed around 1,500 workers directly and utilized some 5,000 part-time cottage workers. It is estimated that the other six together directly employed around 800 at full capacity and an unknown (but possibly several thousand) number of part-time cottage workers. A public enterprise, Guyana Pharmaceutical Corporation produces garments. Total direct employment is thus normally around 2,700 although most companies are currently operating at around fifty percent capacity.

Although there has been some expansion in capacity by the largest firm since 1978 as well as an increase in the number of very small firms, total output probably did not increase from 1978 to 1981 and official data for selected firms suggest it may have declined.

The value of exports also shows a marked decline from G\$4.6 million in 1978 to G\$4.1 million in 1981, as the volume of garments fell from 110,000 dozen to 42,000 dozen. They thus contributed about

0.4 percent of foreign exchange earnings from the export of goods and services in 1981. About half of exports are accounted for by the largest firm which sells about 40 percent of its output to the United States under the provisions of section 807 of the Tariff Schedule of the United States (TSUS), and another 30 percent of its output to the CARICOM market. (Section 807 permits garments assembled with US-made fabric to enter the USA after payment of duty only on value which is added abroad.)

A number of other producers export a substantial part of their output to the United States as well as CARICOM, but only the largest company has been able to take advantage of the provisions of section 807. The government producers do not export but provide uniforms for school children, the military and other government agencies.

The competitiveness of Guyanese garments in foreign markets is partly based on low labor costs which are about half of those of Barbados and Jamaica and are only a fraction of those in Trinidad or the United States. The inadequacy of ^{foreign} exchange to meet import requirements however has hampered production for export in recent years. Cooperation between smaller firms to meet large orders may also be necessary to facilitate greater access to the U.S. market.

There are three private companies producing footwear, the largest being a subsidiary of a Canadian company with an employment of around 300. It accounted for most of both domestic output and exports. Exports were largely to the CARICOM markets and amounted to G\$1.5 million in 1981. Although the major producer has just com-

pleted an expansion of its plant, the inadequacy of foreign exchange since mid-1981 is restricting its production and export capacity.

The government has been in the process of establishing a shoe factory since 1978 and had invested or budgeted G\$458,000 by the end of 1981. It has not yet been completed.

F. Other Manufactures

At least two other manufacturing industries are prominent in Guyanese industry. One of these is appliance manufacture, specifically, the assembly of refrigerators and stoves. Such appliances are an important minor export, amounting to almost G\$19 million in 1981. Since they are dependent on the importation of foreign materials and components, which are shaped and assembled in Guyana, they are highly susceptible to the increasing shortage of foreign exchange. That is probably the reason why refrigerator production has recently fallen off, going from 20,000 units in 1980, to under 16,000 units in 1981.

The stove factory has been more successful, increasing production from 5,000 units in 1980 to almost 12,000 units in 1981. Access to foreign exchange from the Export Development Fund, set up with funds from the World Bank, appears to have played a crucial role here. The factory opened in 1980, and, as stated earlier, was constructed with the assistance of soft loans from the IFC, an affiliate of the World Bank. It appears that the significant increase in manufacturing investment by the private sector in 1980 was in part a result of this one large investment.

Another major manufactured item is the assortment of pharmaceuticals and cosmetics produced in Guyana. Here the State-owned Guyana Pharmaceutical Corporation is a large producer of a line of drugs, tonics, lotions, and toiletries, mainly alcohol-based which were also a substantial export item. In 1981, almost G\$9 million of such products were sold to foreign markets.

Until recently, there was also a significant (over 15) number of private printers. Scarcity of foreign exchange, and therefore, of imported paper, seems to have depressed sales of these firms, and only the government-owned printing concern seems to be doing more than token business.

G. CONSTRUCTION AND ENGINEERING

Construction activity is carried on by both the public and private sectors. The public corporations are GUYCONSTRUCT and Guyana National Engineering Corporation, and there are about half a dozen medium-sized locally-based private concerns, one of which is foreign-owned. From time to time, a number of foreign firms carry out work in Guyana on specific projects. Finally, there are scores of contractors and builders who are largely engaged in constructing houses.

Discussions with individuals directly involved with the industry suggest that the bulk of the construction and engineering activity is taking place within the public sector, both central government and corporations. These projects include physical infrastructure, the modernization and expansion of the rice industry, Demerara Woods Ltd, and activity at BIDCO/GUYPINE. There are a few private sector projects underway, but construction activity in this sector has not increased significantly in recent years. Though opinions differ as to the level of activity in house-building over the last decade, most people seem to agree that there has been no increase in activity over this period.

H. Non-Financial Services

The private sector is of considerable importance in such areas as professional services, transportation, retailing and commerce, hotels, and other services. In professional services, lawyers, engineers, doctors, architects, and dentists operate private practices. (The Guyana telephone directory yellow pages list 14 law firms, 2 accounting firms, 3 consulting engineers, 7 doctors, 4 architectural firms, and 2 dentists.) Hotels are almost exclusively private (exceptions being the small state interest in the luxury Pegasus Hotel and the state-owned Anna-Regina resort complex).

In commerce, the 1977 labor force survey estimated that there were 611 employers in "commerce", and almost 7,500 "own account" workers giving a total of 8,100 (presumably) private commercial businesses. About 45 percent of the businesses with hired employees were in urban areas, as were about 26 percent of the self-employed commercial workers.

In transportation, while the bus system is largely public (with the exception of some privately owned buses operating on the Essequibo coast), taxis are exclusively private. In 1981, there were about 2,900 such hire cars registered, and it is said that up to 20 percent of the stock of 26,000 private cars operate at times as taxis.

Trucking - with the exception of the fleets owned and operated by public corporations to service their own needs - is exclusively private.

I. Banking and Finance

Financial Services in Guyana are provided by six types of institutional channels.

- | | | | |
|----|---|---|---|
| 1. | A Government owned Central Bank | - | The Bank of Guyana |
| 2. | Commercial Banks | - | five foreign-owned private; one public |
| 3. | Specialized lending institutions | - | two governmental, and one private |
| 4. | Insurance companies | - | 5 local private, 3 foreign private, 2 government and 4 agencies |
| 5. | Inter-business credit | - | by both private and public domestic companies and from largely private companies abroad |
| 6. | Off-shore private and public financial institutions | - | largely serviced through commercial banks except for IFC loans |

Only the first four channels will be reviewed here. Excluding the Bank of Guyana, financial institutions had nearly G\$1,500 million in assets and 2,800 employees of which 65 percent and 55 percent respectively were in the private sector. The Bank of Guyana does not normally finance any public or private enterprise but it does finance the Central Government through the holding of Government securities. It has also had the responsibility since April 1981 of administering the Export Development Fund, established with US\$8 million provided by the World Bank as a part of its structural adjustment loan to Guyana. Foreign exchange is to be provided by the EDF against local currency deposits by manufacturers

to finance imported materials required for exports. A charge of 5 percent plus a 1 percent fee is made for this service for a six-month period. EDF has extended a major share of foreign exchange resources to the leading producer and exporter of household appliances and to garment manufacturers serving export markets. Its foreign exchange resources have now been largely exhausted and have not been replenished in accordance with the initial concept, although discussions on this are going on between the Bank of Guyana and the World Bank.

The commercial banks include five foreign banks (two or three of which have been long established in Guyana and the remainder being established in the mid-1960's) and one government bank, the Guyana National Cooperative Bank ^(GNCB) established in 1970. Private commercial banks have gone through two important changes in the last decade. Their share of loans to the private sector has declined and loans to the public sector greatly increased as more of business activities became government-owned and as the government commercial bank displaced their banking activities in locations outside Georgetown and New Amsterdam. Secondly, their share of total loans and advances to public and private enterprises declined, as the government bank took an increasing share of the market. These changes were accompanied by a reduction in the number of branches by Barclays from 20 in 1971 to 2 by 1979 (its current level). The Royal Bank of Canada also has reduced its number of branches to 2 plus 3 sub-branches in Georgetown. The GNCB has gradually expanded its branches to a total of 12 in 1980 and employment to 525. Total

employment in private commercial banks in 1980 was around 700.

The share of private commercial banks in loans and advances to business enterprises and individuals has fallen from 100 percent prior to the establishment of the GNCB, to less than 65 percent in 1980. Their share of loans to public enterprises declined to 79 percent, while the shares to private enterprises and to individuals were 53 percent and 30 percent respectively. In 1980, loans to public enterprises accounted for nearly 70 percent of private commercial banks' loans and advances to business enterprises and individuals, with loans to private enterprises accounting for less than 25 percent and loans to individuals 7 percent.

Loans to public enterprises by all commercial banks (public and private) have risen dramatically since 1970 as shown in Table I.1. Their share in total loans to business enterprises and individuals rose from less than 14 percent in 1970 to 41 percent in 1976 and over 60 percent in 1981.

Private commercial banks have been able to maintain a somewhat larger share of total commercial banks assets and savings than their share of loans. As shown in Table I.2, their share of both assets and deposits in 1980 was around 73 percent. As a result, private banks remain in a relatively liquid position.

The distribution of total private and public commercial bank loans by sector is shown in Table I.3. Reflecting the growing role of public companies, their share of manufacturing loans (excluding rice and sugar processing) rose from 47 percent in 1976 to 61 percent in

1980 and their share of loans to the distributive trades rose from 63 percent in 1976 to 74 percent in 1980.

The three specialized institutions include a private savings and loan bank - the New Building Society, the government-owned Guyana Cooperative Mortgage Finance Bank (GCMFB), and the Guyana Cooperative Agricultural and Industrial Development Bank (GAIBANK). The New Building Society had total assets at the end of 1980 of G\$77.3 million and held G\$55.3 million in mortgages to the private sector. Its portfolio of mortgages has risen from G\$9.4 million in 1970 and G\$21.8 million in 1975. This is a growth rate of nearly 19 percent per annum although allowance must be made for an inflation rate over this period of at least 9 percent per annum.

The GCMFB was established in 1977. Available information indicates that at the end of 1978 it had total assets of G\$27.6 million, up from G\$21.6 million in 1977. Its mortgage loans amounted to G\$21.4 in 1978, little changed from 1977. These included G\$1.8 million in mortgages taken over from the Guyana Credit Corporation. Although data on its recent operations are not readily available, it reported difficulty in expanding its mortgage lending in 1978 due to problems in obtaining low-cost funds. Its total employment in 1981 was 55.

The Guyana Agricultural Cooperative Bank was established in 1973 as an agricultural bank (AGRIBANK), following the liquidation in that year of Guyana Credit Corporation, and took over the agricultural portion of its assets and liabilities in 1978. It was renamed

Guyana Cooperative Agricultural and Industrial Development Bank (GAIBANK) and given the additional responsibility of making loans to industry, absorbing the assets and liabilities of the dissolved Small Industries Corporation. As the result of a study by the InterAmerican Development Bank of a GARIBANK loan request in 1979, two consultants were assigned to GAIBANK in October 1981 to strengthen its industrial loan capabilities.

In 1979, the latest year for which we have detailed, financial information, GAIBANK had assets of G\$44 million. Its resources consist of its capital of G\$18 million and loans from international agencies, of which the Caribbean Development Bank is the most important, providing G\$15 million. In 1982, however, it was reported to have received a loan of G\$12 million from the InterAmerican Development Bank. GAIBANK administers the Canadian \$5 million provided for the forestry industry by the Canadian International Development Agency (CIDA) in 1979. It also has G\$2 million in loans from private financial institutions and G\$2 million from the Guyana Cooperative Insurance Company.

GAIBANK had twelve branches and agencies and a total staff of 117 in 1979. Between 1973 and April 1980, it approved G\$39 million loans and disbursed G\$26 million. Of these loans, about 26 percent was for ground and tree crops, 18 percent for livestock, 42 percent for forestry (largely CIDA funds), 3 percent for manufacturing, and the remainder for miscellaneous activities. Most of the total number of loans up to December 1979 (4,656) were to small farmers, with 76 percent of the loans amounting to less than G\$5,000 each. The average loan size was much larger for CIDA

forest loans. GAIBANK had a substantial problem of past due loans in 1979 and barely showed a profit after a loss of nearly G\$400,000 for the preceeding year.

Comprehensive information is not available on the operations of insurance companies. The 1980 annual report of one of the larger private life insurance companies shows assets of G\$54 million. Its fire insurance affiliate had assets of G\$15 million. Total assets of the private sector may be roughly estimated at G\$150 to G\$200 million. Total employment is around 800. For all insurance companies together the volume of life insurance is also believed to be about 4 times as large as fire and casualty. Insurance continues to be a rapidly expanding business, although the current unavailability of foreign exchange to permit reinsurance abroad poses a serious risk problem. A major part of insurance funds is invested in government securities. However, in the case of the two private companies for which we have information, about 30 percent of their funds were lent on mortgages and a small amount in long term and policy loans.

The Guyana Cooperative Insurance Service competes with private companies for fire, motor, marine and life insurance, although fire insurance accounts for about 60 percent of its business. It reportedly has a monopoly on government business. Its total assets in 1980 were G\$20 million, and it employed 20 persons.

The National Insurance Scheme provides insurance for employees to cover old age, industrial accidents, illness and death. In

1978 it provided coverage for about 178,000 employees. It had accumulated funds of G\$170 million and had around 500 employees.

LOANS AND ADVANCES TO PUBLIC AND PRIVATE NON-FINANCIALENTERPRISES

G\$ millions

| Banking Institution | Borrower | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|--|----------------------|-------|-------|-------|-------|-------|-------|
| Guyana National Cooperative Bank ¹ | Public | 18.6 | 21.7 | 32.6 | 37.4 | 47.9 | N/A |
| | Cooperatives | 3.1 | 3.8 | 2.5 | 5.8 | 5.2 | N/A |
| | Private | 20.0 | 23.1 | 19.3 | 38.0 | 52.1 | N/A |
| | Individuals | 15.5 | 16.1 | 28.2 | 30.1 | 46.2 | N/A |
| | TOTAL ² | 57.9 | 64.8 | 82.8 | 111.3 | 152.4 | |
| Private Commercial Banks | Public | 57.9 | 97.1 | 89.3 | 135.1 | 181.6 | N/A |
| | Private | 58.8 | 48.4 | 51.1 | 56.7 | 63.9 | N/A |
| | Individuals | 16.2 | 19.5 | 14.0 | 20.3 | 19.6 | N/A |
| | TOTAL ² | 132.2 | 164.9 | 154.2 | 212.1 | 264.1 | |
| All Commercial Banks | Public | 75.5 | 118.8 | 121.9 | 172.5 | 229.5 | 375.6 |
| | Private | 81.9 | 75.3 | 72.9 | 100.5 | 121.2 | 165.5 |
| | Individuals | 31.7 | 35.6 | 42.2 | 50.4 | 65.8 | 79.9 |
| | TOTAL ² | 190.1 | 229.7 | 237.0 | 323.4 | 416.5 | 621.0 |
| Guyana National Cooperative Bank as % of Total | Public | 24.3 | 18.3 | 26.7 | 21.7 | 20.9 | N/A |
| | Private | 28.2 | 35.7 | 29.9 | 43.6 | 47.3 | N/A |
| | Individuals | 48.9 | 45.1 | 66.8 | 59.7 | 70.2 | N/A |
| | TOTAL | 30.5 | 28.2 | 34.9 | 34.4 | 36.6 | |
| Private Commercial Banks as % of Total | Public ³ | 75.7 | 81.7 | 73.3 | 78.3 | 79.1 | N/A |
| | Private ³ | 71.8 | 64.3 | 70.1 | 56.4 | 52.7 | N/A |
| | Individuals | 51.1 | 54.9 | 33.2 | 40.3 | 29.8 | N/A |
| | TOTAL | 69.5 | 71.8 | 65.1 | 65.6 | 63.4 | |

N/A - Not Available

¹Annual Report, GNCB - 1980²Includes Non-Resident not separately listed³Assumes GNCB's loans to Cooperatives are included in private sector

TABLE III I. 2

| | <u>Assets</u> | | | <u>G\$ Millions</u> | | <u>Deposits</u> | | |
|------|---------------|-------------|-------------------|-----------------------------|--------------|-----------------|-------------------|-----------------------------|
| | <u>Total</u> | <u>GNCB</u> | <u>Pvt. Comm.</u> | <u>PC as % of Total</u> | <u>Total</u> | <u>GNCB</u> | <u>Pvt. Comm.</u> | <u>PC as % of Total</u> |
| 1969 | 130.4 | - | 130.4 | 100% | 117.7 | - | 117.7 | 100% |
| 1976 | 440.4 | 131.1 | 309.3 | 70.2 | 377.2 | 113.2 | 264.0 | 70.0 |
| 1977 | 526.0 | 131.6 | 394.4 | 75.0 | 445.8 | 113.2 | 332.6 | 74.6 |
| 1978 | 664.9 | 159.7 | 505.2 | 76.0 | 499.8 | 132.6 | 367.2 | 73.6 |
| 1979 | 783.6 | 296.5 | 587.1 | 74.9 | 572.6 | 137.7 | 434.9 | 76.0 |
| 1980 | 924.2 | 244.2 | 680.1 | 73.6 | 704.0 | 188.6 | 515.4 | 73.2 |
| 1981 | 1,191.4 | | | | 832.9 | | | |

TABLE III I. 3
COMMERCIAL BANKS' CREDIT TO THE PUBLIC & PRIVATE SECTORS
(Excluding Central Government)

G\$Mn.

| | 1976 Year | 1977 Year | 1978 Year | 1979 Year | 1980 Year |
|--|--------------|--------------|--------------|--------------|--------------|
| Agriculture, Forestry & Fishing | 12.9 | 13.9 | 11.9 | 15.6 | 19.3 |
| Public | (1.4) | (2.7) | (0.5) | (1.5) | (3.8) |
| Private | (11.5) | (11.2) | (11.4) | (14.1) | (15.5) |
| Mining & Quarrying | 0.5 | 4.4 | 6.8 | 36.0 | 40.3 |
| Public | (-) | (3.8) | (6.2) | (35.4) | (39.9) |
| Private | (0.5) | (0.6) | (0.6) | (0.6) | (0.4) |
| Construction | 9.2 | 10.3 | 8.1 | 23.0 | 27.9 |
| Public | (-) | (-) | (-) | (7.3) | (7.9) |
| Private | (9.2) | (10.3) | (8.1) | (15.7) | (20.0) |
| Sugar Manufacture | 0.5 | 22.6 | 23.8 | 19.9 | 35.5 |
| Public | (0.5) | (22.6) | (23.8) | (19.9) | (35.3) |
| Private | (-) | (-) | (-) | (-) | (0.2) |
| Rice Manufacture | 1.7 | 1.7 | 1.9 | 2.0 | 2.0 |
| Private | (1.7) | (1.7) | (1.9) | (2.0) | (2.0) |
| Other Manufacture | 38.1 | 29.0 | 36.7 | 54.6 | 75.4 |
| Public | (17.8) | (16.6) | (19.3) | (31.5) | (46.0) |
| Private | (20.3) | (12.4) | (17.4) | (23.1) | (29.4) |
| Distributive Trades | 80.9 | 86.4 | 82.4 | 91.5 | 119.2 |
| Public | (50.7) | (65.3) | (63.4) | (67.6) | (87.8) |
| Private | (30.2) | (21.1) | (19.0) | (23.9) | (31.4) |
| Financial Institutions | 3.6 | 0.7 | 1.9 | 1.9 | 2.2 |
| Public | (2.7) | (0.5) | (0.7) | (0.9) | (1.8) |
| Private | (0.9) | (0.2) | (1.2) | (1.0) | (0.4) |
| Other Business | 21.0 | 27.8 | 29.6 | 39.9 | 36.4 |
| Public | (6.0) | (7.7) | (8.7) | (9.4) | (8.6) |
| Private | (15.0) | (20.1) | (20.9) | (30.5) | (27.8) |
| Personal (Incl. Real Estate) | 31.8 | 35.8 | 42.2 | 53.2 | 69.5 |
| Private | (31.8) | (35.8) | (42.2) | (53.2) | (69.5) |
| Local Government | 3.1 | 4.0 | 4.4 | 3.9 | 4.7 |
| Public | (3.1) | (4.0) | (4.4) | (3.9) | (4.7) |
| TOTAL* | 203.3 | 236.6 | 249.7 | 341.5 | 432.4 |
| Public | (82.2) | (123.2) | (127.0) | (177.4) | (235.8) |
| Private | (121.1) | (113.4) | (122.7) | (164.1) | (196.6) |

*Totals somewhat larger than other tables due to the inclusion of loans to financial institutions and Local Government

TABLE III I. 4

COMMERCIAL BANKS (PRIVATE AND PUBLIC) LOANS
TO BUSINESS ENTERPRISES AND INDIVIDUAL G\$ MILLIONS

| | <u>Public</u> | <u>Private</u> | <u>Total</u> | <u>Public as a % of Total</u> |
|------|---------------|----------------|--------------|-----------------------------------|
| 1970 | 12.4 | 77.1 | 89.5 | 13.9 |
| 1975 | 57.5 | 106.5 | 164.0 | 35.1 |
| 1976 | 66.5 | 108.1 | 164.6 | 41.4 |
| 1977 | 118.6 | 107.1 | 225.9 | 52.6 |
| 1978 | 121.9 | 112.0 | 233.9 | 52.1 |
| 1979 | 172.5 | 151.9 | 324.4 | 53.2 |
| 1980 | 229.5 | 181.4 | 416.9 | 55.0 |
| 1981 | 375.6 | 245.7 | 621.3 | 60.5 |

J. Other Activities

It should be noted that a number of assorted activities, of varying importance, are essentially private. First, mining and quarrying (other than bauxite) is almost exclusively private. Although much of their activity is routed into the "parallel economy", and thus escapes measurement in the national accounts, many small-scale gold and diamond mining operations in the interior are believed to be producing substantial volumes of output. At the writing of this report, knowledgeable persons claim that there are 3,000 to 3,500 such "porkknockers" at work in the interior.

Rental of dwellings, as it appears in the national accounts, is also an exclusively private activity. This is because government housing projects appear as a service provided by the Central Government. Nonetheless, housing remains a largely private area. The value of such services provided by private rental units was G\$23 million in 1982. The Central Housing and Planning Authority's expenditure on maintenance of buildings, in 1981, was G\$824 thousand.

IV. PUBLIC SECTOR RELATIONSHIPS WITH THE PRIVATE SECTOR

A. Structure of Public Sector

In Guyana economic activity is carried on by participants who fall into three broad categories, the Public Sector, the Private Sector and Cooperatives. Prior to 1970, there was public involvement largely in areas such as the operation of the domestic telephone service, the provision of electricity and the operations of the rice industry. In 1971, the nationalization of the larger segment of the bauxite industry, which was referred to in an earlier section heralded the beginning of an era of extensive public participation in most areas of economic activity.

Since then, the government has acquired further private interests and has ventured into additional spheres of activity, and so a number of public enterprises have been established to administer and manage the various operations. In addition to this, the Central Government had by 1981, expanded its operations. As a result of these developments, the Public Sector is a dominant force in the society and controls more than half of the economy in terms of productive assets, employment, foreign exchange earnings and the potential to generate surpluses.

The Public Sector comprises the traditional public service which is largely involved in non-profit making activities, the non-financial enterprises, financial institutions and residual institutions. A list of public enterprises is shown as Annex I. There are about 30 non-financial enterprises and the activities of 25 of these are organized under the Guyana State Corporation (GUYSTAC). The independent organizations include GUYSUCO and BIDCO/GUYMINE, the producers of sugar and bauxite/alumina, respectively, and there are four financial institutions. The government is the sole shareholder in most enterprise and the majority shareholder in the others. Public enterprises are administered by autonomous bodies and are treated like private enterprises.

B. Nature Of Public Sector Activities

The activities of public enterprises are contained in Annex II; these activities cover agriculture, mining and quarrying, manufacturing (including processing), engineering and construction, trading, information and communications and public utilities. Some of these are relatively large operations, and in 1980, there were nine enterprises in which in excess of 1,000 employees were hired.

The government has complete control of the bauxite industry and virtually controls the sugar and rice sub-sectors; this group of industries contributed 22% of GDP in 1981 and accounted for 82% of export sales, making the public sector the principal earner of foreign exchange and also involving it directly and indirectly in the marketing of a substantial quantity of goods. GUYSUCO, with almost 30,000 employees, is the largest employer in the country, exceeding even the Civil Service.

In agriculture, the public sector predominates in sugar and rice. Apart from BIDCO/GUYPINE, GUYSUCO and the Guyana Rice Board, there are about one dozen enterprises involved in some kind of manufacturing and processing activity. Guyana Pharmaceutical Corporation, one of the principal manufacturing concerns, produces mainly drugs, agro-based foodstuffs, soaps and detergents, and edible oil. The Guyana National Engineering Corporation, which has ship-building and repairing facilities,

is involved in engineering and manufacturing activities, while Guyana Liquor Corporation manufactures a wide range of alcoholic beverages.

One of the outstanding features of the Guyana economy is the extent to which the public sector has become involved in distribution and retailing. About half a dozen enterprises are engaged in these activities, the principle ones being Trading Group I, generally referred to as Guyana National Trading Corporation, Guyana Stores Limited, and Guyana Pharmaceutical Corporation.

The public sector is the sole provider of public utilities, operates the only broadcasting station in the country and publishes the main domestic newspapers.

C. Imports and Exports

In Guyana, all permissible imports (except parcel post items and trade samples up to a specified value) irrespective of origin, are subject to individual licensing. Those commodities which are destined for the distributive and retail outlets may legally be imported only through public enterprises such as Guyana National Trading Corporation, Guyana Stores Limited, Guyana Pharmaceutical Corporation, Guyana Marketing Corporation and Guyana National Engineering Corporation. Individual enterprises have been identified for the importation of specific commodities. Paper products, including books and newsprint, may only be imported through the Guyana National Trading Corporation. The Guyana Pharmaceutical Corporation is responsible for importing pharmaceutical products and surgical instruments, while foodstuffs which fall under the Agricultural Marketing Protocol of CARICOM are imported by the Guyana Marketing Corporation. The Guyana Rice Board imports inputs for the rice industry. There are cases in which private concerns are permitted to bring in machinery for the bauxite, sugar, rice and sawmilling industries.

In the case of exports, producers are generally permitted to export their commodities directly. There are, however,

products which must be exported through a government agency, or for which exporters require a license. Apart from sugar, rice and bauxite, the latter group includes forestry products, (except plywood) which should be marketed through the Marketing Division of the Forest Industries Commission and minerals for which the approval of the Geological Surveys and Mines is required. Export transactions are supervised by the authorities in order to ensure that the exchange proceeds are repatriated and surrendered to the monetary authorities.

D. Cooperation and Competition

The public sector currently does provide some inputs for manufacturing in the private sector, the most significant input being provided by the Guyana Electricity Corporation. GUYSUCO supplies sugar for the food processing industry, the Guyana Liquor Corporation provides blended alcohol which is used in the production of alcoholic beverages, while the Sanata Textile Mill produces cotton fabric for the garment industry. In addition to these, Guyana National Engineering can provide engineering services.

Some public sector activities are in direct competition with operations carried on by the private sector. In manufacturing the Guyana Liquor Corporation produces alcoholic beverages and food products, while Guyana Pharmaceutical Corporation produces soap and detergents, paints, garments and edible oil. The Guyana Rice Board and Guyana National Printers Limited have rice-milling and printing facilities respectively.

There are two corporations which carry on construction activities; these are GUYCONSTRUCT and Guyana National Engineering Corporation. In forestry, Guyana Timbers Limited has been in existence for a number of years, while the new state entity Demerara Woods Limited, along with a private firm, is expected to substantially increase logging and saw-milling capacity. Attention has already been drawn to the fact that the public sector is now deeply involved in distribution and retailing, but it should be

noted that in some cases, the public corporation, which is responsible for importing a commodity, also retails that commodity. The government is involved in commercial banking through the operations of the Guyana National Cooperative Bank and insurance through the activities of Guyana Cooperative Insurance Scheme.

ANNEX I

PUBLIC CORPORATIONS

NON-FINANCIAL ENTERPRISES

(As appeared in the National Budget)

| <u>Name of Corporation</u> | <u>In Operation in</u> | | | |
|--------------------------------------|------------------------|------|------|------|
| | 1975 | 1977 | 1980 | 1981 |
| Guyana Rice Board | x | x | x | x |
| Guyana Electricity Corporation | x | x | x | x |
| Guyana Marketing Corporation | x | x | x | x |
| Trading Group I | | | x | x |
| Guyana National Trading Corp. | x | x | | |
| External Trade Bureau | x | x | | |
| Guyana Gajraj | x | x | | |
| Guyana Wrefords | x | x | | |
| Guyana Airways Corporation | x | x | x | x |
| Guyana Timbers Ltd. | x | x | x | x |
| Guyana Forest Industries | x | x | | |
| Guyana Telecommunication Corporation | x | x | x | x |
| Guyana International Telecom. | | x | | |
| BIDCO/Guymine | | | | x |
| Guyana Mining Corporation | | x | x | |
| Guybau | x | | | |
| Guymine | x | | | |
| Guyana Fisheries Ltd. | | | x | x |
| Guyana Marine Foods | x | x | | |
| New Amsterdam Fish Processors | | x | | |
| Guyana Food Processors | | x | | |
| Guyana Transport Services | x | x | x | x |

| <u>Name of Corporation</u> | <u>In Operation in</u> | | | |
|---|------------------------|------|------|------|
| | 1975 | 1977 | 1980 | 1981 |
| Guyana National Printers Ltd. | | | | x |
| Guyana Printers | x | x | | |
| Guyana National Lithographic | x | x | x | |
| Guyana National Newspapers Ltd. | x | x | x | x |
| Guyana Broadcasting Corporation | | | x | x |
| Guyana Broadcasting Service (Radio Demerara) | x | x | | |
| Guyana Stores | | x | x | x |
| Guyana Pharmaceutical Corporation | | x | x | x |
| Guyana National Shipping Corporation | | x | x | x |
| Demerara Sugar Terminals | | x | x | x |
| Post Office Corporation | | x | x | x |
| Guyana National Engineering Corp. | | x | x | x |
| Guyana Oil Company | | x | x | x |
| Guyana Stockfeeds Ltd. | | x | x | x |
| Guyana Sugar Corporation | | x | x | x |
| Guyana Liquor Corporation | | x | x | x |
| Guyana State Corporation (Umbrella Org.) | | | x | x |
| Livestock Development Corporation | | | x | x |
| Guyana Nichimo Company | | | x | x |
| Sanata Textile Mill | | | x | x |
| Guy CONSTRUCT | | | | x |

FINANCIAL INSTITUTIONS

National Insurance Scheme

Guyana Cooperative Insurance Scheme

Guyana National Cooperative Bank

Guyana Cooperative Agricultural and Industrial Development Bank

Guyana Cooperative Mortgage Finance Bank

ANNEX II

ACTIVITIES CARRIED ON BY PUBLIC CORPORATIONS

GUYSUCCO cultivates most of the sugar cane grown in Guyana and processes and markets all the sugar. In 1978, the Corporation took over the activities formerly carried on by Guyana Agricultural Products Corporation and established the Other Products Division, which cultivates food products such as legumes, cassava, corn, plantains and oil palms, rears fishes and produces agro-based products including cassava flour, starch, cassareep, edible oil and plantain flour.

The Guyana Rice Board participates in and to a large extent, controls most activities within the rice industry, although it grows a negligible amount of paddy. The Board is responsible for the marketing of paddy and rice both locally and in the international markets. It possesses a substantial portion of the milling capacity, provides a whole range of inputs for the industry, including credit and research and extension facilities and also sets the prices at each step in the operation of the industry.

The Livestock Development Company controls and oversees the operations of cattle ranches and is in charge of the Milk Pasteurization Plant.

Guyana Timbers Limited conducts logging and saw-milling operations. In addition to providing the local market with timber, it exports its products to a number of countries. The Corporation also produces pre-fabricated houses and other wood products.

Guyana Fisheries Limited operates a fleet of trawlers and has fish processing facilities; it also markets fish caught by independent operators. The Corporation has storage facilities and is in the process of completing its dry-docking facilities.

The Bauxite Industry Development Company (BIUCO/GUYMINE) is responsible for the mining and processing of bauxite and also for planning the development of the industry. This Corporation was re-organized in 1978 so as to incorporate all segments of the industry under a single board.

The Guyana Electricity Corporation provides electricity and power.

The Guyana Liquor Corporation is the holding company for six subsidiaries: Demerara Distilleries Limited, Diamond Liquors Limited, Guyana Distilleries Limited, Demerara Food Products Limited, Distribution Services Limited, and Seals and Packaging Company Limited. There is private shareholding in Diamond Liquors Limited and Guyana Distilleries Limited, but the Government has majority interest in both concerns.

The Group manufactures and markets rum, wine, vodka, gin, brandy, liqueurs and whisky under their own brand names and also manufactures and markets vodka, brandy and gin under franchise. They are distributors for other alcoholic products (beer, stout and liqueur). The range of commodities produced also include tropical fruit preserves and other products and vinegar as well as Cooperline furniture. Seals and Packaging Limited, which will produce corrugated cartons and seals, is not yet in operation.

The Group established a pilot plant for the manufacture of yeast in 1980 and also plans to produce table molasses, carbon dioxide, power alcohol and TPI (refined balata) the latter to be used in the outer coating of golf balls.

Guyana Stockfeed Limited produces feeds for animals and chickens.

Guyana National Newspapers Limited publishes the main domestic newspapers.

Guyana Nichimo Company, which has Japanese interests, manufactures fishing nets.

Sarata Textile Mill produces woven cotton fabric.

GUYCONSTRUCT undertakes civil engineering and construction activities and was, until recently, a branch of BIDCO/GUYMINE.

Trading Group I consists of enterprises involved in distribution. The Group includes the Guyana National Trading Corporation, a major trading enterprise within GUYSTAC and whose areas of activity cover agricultural machinery, hardware, shipping, travel and books.

Guyana Stores Limited is largely involved in distribution, including the operation of a supermarket. One of its divisions, Guyana Radio and Electronics Company (GRECO), manufactures radios and other electronic equipment, while the Agricultural and Machinery Department assembles tractors and manufactures industrial hoses. There is also an

Agencies Division and an Electrical Department.

The Guyana Marketing Corporation purchases vegetables and other foodstuff from farms and distributes these to consumers. It also operates a cannery and manufactures ham, bacon and other meat products.

Demerara Sugar Terminals has bulk storage facilities and is responsible for shipping the sugar which is exported.

Guyana Oil Company distributes petroleum products.

Guyana Broadcasting Corporation operates the sole broadcasting station.

The Post Office Corporation handles in-coming and out-going mail.

Guyana Telecommunication Corporation provides the domestic telephone service, international telephone, cable, telex and similar services.

The Guyana National Shipping Corporation owns three cargo vessels, which operate in domestic waters, and is the agent for foreign ships plying between Guyana and Europe and Japan. It also operates a travel agency, provides stevedoring and portering services, and is the local agent for Lloyd's Insurance.

The Guyana Pharmaceutical Corporation carries on three spheres of activity. It manufactures drugs, agro-based foodstuffs (including weaning foods), soaps and detergents, plastic articles, garments and paints, and facilities are being completed for the production of edible oil. The Corporation has a drug agency division and also operates retail outlets.

Guyana National Printers Limited provides a number of services relating to the printing industry.

The Guyana National Engineering Corporation consists of four divisions. The Trading Division is involved in distribution and also has an agency section, while the Tractor and Motor Division supplies and services equipment, machinery and vehicles for the mining and agricultural sectors. The Works/Foundry Division is involved in building cargo vessels, trawlers, barges and punts and in construction activities and also operates a foundry. Finally, the Building Products Division manufactures: clay bricks, blocks, tiles and other building products, and it also plans to extend its range of products to include ceramic tiles, hinges and aluminium roofing nails.

The Corporation has five branch units; these are Aluminium Products of Guyana, Bel-Lu Claybrick Factory, Coverden Clay Works, Guyana Tractor and Equipment Company (GUYTRAC) and Demerara Foundry.

Guyana Airways Corporation operates international, as well as domestic, passenger and cargo flights.

Guyana Transport Services Limited operates the principal public bus transportation system in the country.

The National Insurance Scheme receives contributions from employees, employers and self-employed persons and in turn pays out sickness, maternity and other benefits.

V. APPENDIX I
PRIVATE SECTOR ORGANIZATIONS

Guyana Manufacturers' Association (GMA)

The Guyana Manufacturers' Association is a national body representing manufacturers which acts as the channel between Government departments and manufacturers as a whole. It also acts as an advisory and consultative body for its members, providing them with information and statistics, ascertaining their views and representing those views nationally to the Government, other institutions and the public.

Georgetown Chamber of Commerce

The Georgetown Chamber of Commerce represents a cross-section of the business community including manufacturing establishments, distributors and retailers, banking and insurance institutions and other sections of the Services sector. The Chamber was established to promote trade, both within the country and externally, as well as Guyana's manufactured goods and its industries, to give consideration to all questions relating to trade and manufacturing activity and to promote or oppose as deemed necessary legislative and other measures affecting these activities. It is also supposed to collect and disseminate statistical and other relevant data and may assist in settling, by arbitration, any disputes relating to trade.

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Consultative Association of Guyanese Industry Ltd. (CAGI)

This Association is the central employers' organization in Guyana. It provides advisory, consultative and representative services to its affiliates and is the co-ordinating body for the formulation of employers' views and policy. It speaks collectively for employer at the level of Government, the Guyana Trades Union Council, the International Labour Organization and other international organization and encourages voluntary collective bargaining between employers and employees.

Guyana Investment Company Limited

The Guyana Investment Company Limited was established through the initiative of the Guyana Manufacturers' Association. The principal objectives of the organization are to identify and design bankable projects, seek out sources of financing, technology and raw material and provide management and other supporting services.

Berbice Chamber of Commerce and Development Association

This Association represents a cross-section of the business community in Berbice and provides a forum in which matters relating to its members can be discussed.

Forest Products' Association

This Association was established to promote the interest of its members and to negotiate with Government on their behalf.

V. APPENDIX II
BUSINESS ENTERPRISES - PRIVATE SECTOR

FOOD, BEVERAGES AND TOBACCO

Bakeries

| | |
|-------------------------|-------------------------|
| Sheik Baksh Bakery | Bhajan's Bakery |
| Bristol Modern Bakery | Mildred Cush Bakery |
| Health Foods Limited | Samuel A. Hincks Bakery |
| Jenkin's Bakery Limited | Josiah S. Hill Bakery |
| Persaud's Bakery | Somerset Bakery |
| Singh's Unique Bakery | Fung's Bakery Limited |
| Ten Pow's Bakery | Tang's Bakery |
| Williams, L.J. Bakery | Yhip's Bakery |
| Eman Ali Bakery | Cyril Cone Baking Co. |
| Samuel Angel Bakery | Graham's Bakery |
| Cyril Ali Bakery | Yong's Bakery |
| Dhani Bakery | Linden Bakery |
| Len Beharry Bakery | Take-a-Light Bakery |

Food Processing

| | |
|--------------------------------|---------------------------------|
| Arrowhead Enterprises Limited | Guyana Dough Products Limited |
| Continental Agencies Limited | Bushy Park Limited |
| Omai Manufacturing Co. Limited | Quick Sausage Factory |
| Tai Chi Foods Limited | Guswin Poultry Farm |
| Adventure Enterprises Limited | Rambarran Poultry Farm |
| Da Silva Candies Limited | Ricks & Sari Industries Limited |

- | | |
|-----------------------------------|----------------------------------|
| Wieting & Richter Limited | Squirrel Manufacturing Limited |
| Chin's Manufacturing Limited | Confectionery (Guyana) Limited |
| Ocean (Guyana) Limited | Sterling Product Limited |
| Lui Brothers | Continental Biscuit Co. Limited |
| Cho Yuk Lam Chowmein Factory | Georgetown Sea Foods Limited |
| Chow-Yen-Kam Chowmein Factory | Maharaja Oil Mills |
| Gilamo Food Processors | National Milling Company |
| Exotic Foods Limited | Guyana Canning & Packing Company |
| Harrichand Vermicelli Factory | Demerara Oil Mills Company |
| Prabhu Dutt Chowmein Factory | Demerara Biscuit Factory |
| Tortuna Processing Co. Limited | Edward Beharry & Co. Limited |
| Kim Chowmein Factory | Samuel Manufacturing |
| C & F Meat Centre | Guyana Besto Feed |
| Correia's Poultry Processors Ltd. | Sadik Hatchery |
| Rupununi Enterprise Limited | S. Foo Ying |
| Associated Processors Limited | Sankar & Co. Limited (Kaymart) |
| Royver Poultry Farm | Wray's Enterprise |

Beverages

- | | |
|---------------------------|------------------------------------|
| Sue-A-Quan Store Limited | Verdum Soda Factory |
| Premier Soda Factory | Guyana Wine Exporters Limited |
| Ramroop's Aerated Factory | Persaud Jai Raw Water Factory |
| Banks DIH Limited | Weiting & Richter Bottling Company |
| Republic Soda Factory | Excelsior Water Factory |

Tobacco

Demerara Tobacco Company

TEXTILES, CLOTHING & LEATHER

| | |
|--|-------------------------------|
| Demerara Shirt Factory | Toucan Headwear Limited |
| Guyana Manufacturers' Society Ltd. | Lysons Knitwear Limited |
| Richmond Garment & Handbag Factory | Guyana Handbag Limited |
| Winston Garment Factory | Ragubir Garment Factory |
| H.C. Maddison Garment Factory | Neeton Garment Factory |
| Chandrika Persaud Limited | S.W. Wilsum & Company Limited |
| Crown Garment Factory | Wilco Manufacturing Limited |
| Guyana Knitex | Hobert Co. Limited |
| Supreme Garment Factory | Hi-Line Footwear |
| Mohamed Abas Garment Factory | Bata Shoe Factory |
| Beeson Garment Factory | Bettencourts Bag Factory |
| Bettina Boutique Limited | International Travel Bag Ltd. |
| Mohamed Kassim Garment Factory | Albert Hoyte Manufacturers |
| Guyana Garment Factory | H. Balgobin |
| Windsor Manufacturing Co. Limited | Hardeo Chowthi's Industries |
| Persaud's Garment Manufacturing Ltd. | Guyana Knitting & Brushing |
| Shakeer's Garment Factory | Double Vee's Garment Factory |
| South American Manufacturing Apparel Limited | John George |
| Atlantic Garment Factory | Noor Hassan |
| D.A. Thani & Sons | Papita Garment Factory |
| Kirpalani's Bros. | Patram |

| | |
|----------------------------------|-------------------------------------|
| Lutho Neckwear | People's Garment Factory |
| M. Shaffee Nauser & Sons | Shirlic's Garment Factory |
| Majeed Industries Limited | Trinity Garment Factory |
| Sputnik Sportwear Limited | Ferrell's Slipper and Leather Works |
| Briana Manufacturing Co. Limited | Richmond Garment & Handbag |
| Gobins Limited | Abdool Hamid Ali |

PAPER PRODUCTS, PRINTING

Paper Products

| | |
|------------------------------------|----------------------------|
| Continental Industries Limited | Edward Beharry Co. Limited |
| Guyana Paper Products Limited | Stokes & Bynoe Co. Limited |
| Briana Manufacturing Co. Limited | Fay Paper Products Limited |
| Sunshine Manufacturing Co. Limited | Santosco & Company Limited |
| Friendship Industries | |

Printing

| | |
|-------------------------------|--------------------------------|
| Angals Printing Establishment | Magnet Printery |
| B's Printing | Rapid Off-set Printers Limited |
| Labour Advocate Printery | NCE Screen Printers Limited |
| New Guyana Co. Limited | Austin's Printing Service |
| Popular Printery | Printing Craft Service |
| Barrow Printery | X-Press Printing Service |
| Printing Plus Service | ACK Screen Printers Limited |
| Advance Press | Alli Printers & Box |
| Bovell's Printery | De Souza Printery |

Colour Craft Printers

Auto Print (Guyana) Limited

Edwards Printery

CHEMICALS & RELATED PRODUCTS

Amrithdhara Manufacturing Co. Ltd.

Twin's Manufacturing

Sterling Products Limited

Gardel Manufacturing Co. Limited

Swan Manufacturing Company

Globe Drug Company Limited

Guyana Plastic & Marine Works

Crystal Wax Works

Guyana Foam Products Limited

United Plastic Works

Roma Manufacturing Company Limited

Guyana Thermo-Plastics Limited

Friendship Oxygen Company Limited

Guyana Plastic Processing Co. Limited

Demerara Oxygen Co. Limited

Sue Young Polythene Enterprise Limited

National Plastics Co. Limited

Guyana Cosmetics Limited

Swan Thermo Plastics

South American Chalk Co. Limited

Colgate Palmolive (Guyana) Limited

Lombard Auto & Tractor Spares Co. Ltd.

Canell's Cosmetic Establishment

Torginol Paints

ENGINEERING, CONSTRUCTION AND METAL FABRICATION

Brass, Aluminium & Cast Iron Foundry Associated Industries Limited

National Fasteners Limited

Farrell Engineering Enterprises

Providence Industries Co. Limited

Demerara Industries Limited

Samco Plumbing & Sheet Metal Works

Guyana Refrigerators Limited

P.R. Sampson Enterprises

Farfan & Mendes Company Limited

Guyclip Products

M.C. Correia Holding Limited

Lindon General Engineering Co. Ltd.

Nabson's Metal Industries Limited

M. Hack Radiator & Exhaust
Manufacturing Co. Limited

Assanah's Electronic Industries Limited
 Exhaust Fabrication Co. Limited
 Ram's Sash and Aluminium Window Co.
 J.P. Santos & Co. Limited
 Industrial & Domestic Electrical
 Appliances Limited
 Friendship Industries Limited
 Swiss Machinery Establishment
 Martin Machinery Establishment
 S.A. Nabi & Sons
 TWIGA Construction & Engineering
 Harry Persaud & Company
 Guycab
 Western Engineering
 Principal Welding Shop

Industrial Engineering Co.
 Strand Machine Shop
 Stephen Chin
 A B X Contracting
 Taylor Woodrow
 H.C. Alphonso & Sons
 Phoenix Construction
 Prashad Metal & Woodworkin
 Edward Scantlebury
 David Yhan & Sons Electrica
 Sales & Service
 William Hussein
 EAB Massay Construction
 Birball Industry
 K. Rahaman & Sons
 Metfab Enterprise

MINING & QUARRYING

Toolsie Persaud & Co.

S.H. Rahaman

JEWELLERY, ETC.

Gaskin & Jackson Jewellery Limited
 Guyana Lapidary Co-op Society
 L. King & Sons Jewellery Establishemnt

Seepersaud Maraj & Sons
 Magarita Gift Shop
 Edoos Jewellery Establish

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George R. Loung Jewellery Establishment
Demerara Diamond Dealers Limited
Jottis Pottery Establishment
Correia's Jewellery (Guyana) Limited

Enachu Diamond Traders Ltd
Humphrey & Co. Limited
Royal Jewel House
Diamond Polish Manufacturi

WOODWORK, LOGGING AND SAWMILLING

Woodwork

G. Cameron Wood-Working Establishment
R. Davis Wood-Working Establishment
M. Garrett Wood-Working Establishment
S. Hardeen Wood-Working Establishment
Starlite Manufacturing Co. Limited
Vigilance Wood-Working Establishment
Kenneth Gerand Wood-Working Establishment
Mohan & Vernon Souvenirs Enterprise
Fries Furniture Factory
J.J. Peach Furniture Factory
M. Persaud Furniture factory
Abel's Wood-Working Establishment
S.S. Wilson & Co. Limited
Rovan's Furniture Factory
Kistama Furniture Factory

Kishore's Furniture Factor
Kissoon, A.H. & L Furnitur
Morgan's Furniture Factory
Michael Amerally Wood-work
Establishment
A. Bacchus Wood-Working
Establishment
Carey's Wood-Working Estab
B. Bhagwandin Furniture Fa
Helton Bowman Limited
Badrinauth Doobay Furnitur
Establishment
Fenton's Industries Limite
Walvis & Sons Wood-Working
Establishment
W. Hussein Wood-Working
Establishment
Ramroop's Furniture Factor
Shurland Case & Pallet
Manufacturing

Logging and Sawmilling

Ameerally Sawmills Limited
Deen Sawmills Limited
Jabour Lumber Yard

L. Kings & Sons Limited
Osman & Sons Mill
N & N Shaffeeulah Sawmills

Logging & Sawmilling cont'd

| | |
|-----------------------------------|-----------------------------------|
| Associated Sawmilling Co. Limited | C. Zaman Sawmills Limited |
| Z.K. Shah Sawmills Limited | Pookoon Sawmills Limited |
| S.H. Rahaman Sawmills Limited | Willems Timber & Trading Company |
| A.H. Hack Sawmills Limited | K. Cheddi Sawmills Limited |
| N. Dodit Sawmills Limited | M. Ramjit Sawmills Limited |
| Rampiarı Sawmills Limited | N. Sukul Sawmills Limited |
| M. Bacchus Sawmills Limited | Pertab Baladin Sawmills Limited |
| Jaimangal Sawmills Limited | Supernaam Timber & Trading Co. |
| M.B. Jugdeo Sawmills Limited | Kamrudeen Sawmills Limited |
| A. Jugdeo Sawmills Limited | Lloyd Allicock Timber Merchant |
| Babram Sawmills Limited | S. Singh |
| Zora Hussein Sawmills Limited | K. Bhairo |
| Lumber Store Saces | Patrewat Sawmills |
| Bartica Sawmills Limited | R. Alli |
| C.H. Klautky Sawmills Limited | Shamir Ally |
| S.A. Rahaman Sawmills Limited | V. George Sawmills |
| Caledonia Sawmills Limited | Seetaha? Lumber Marketing Limited |
| Chapman Enterprises Limited | The Road-End Sawmills |
| R. Sukhram Sawmills Limited | Blake Sawmills |
| Z. Razack Sawmills Limited | Guyana Sawmills |
| Clemwood Sawmills Limited | C.N. Ramjeet |
| B. Quan Sawmills | H. Ramdeholl |
| A. Hamid Sawmills Limited | H. Fazal |
| R. Chand Sawmills Limited | Kawkwani Sawmills |

Rajmattie Sawmills Limited
 Frank Hugh Sawmills Limited
 J. Rahim Sawmills Limited
 A. Latiff Sawmills Limited
 A. Bararat Sawmills Limited
 Mazaharally & Sons Limited
 Nagassar Sawh Limited
 R.D. Ragubir Sawmills Limited
 Bibi Rue Afyia Sawmills Limited
 H. Baksh Sawmills Limited
 Seudat Sawmills Limited
 Osman Fazal Sawmills Limited
 D.S. Persaud Sawmills Limited
 M.T. Everard Lumber Company
 Toolsie Persaud Sawmills Limited

M. Bacchus
 A. Rahaman's Sawmills
 Parika Sawmills
 Khalil Rahaman
 Preston Fraser
 R. Mendes
 W. Solomon
 Hari Narine
 L.E. Flemming
 M. Boodhuo & J. Seenarine
 Aruka Sawmills
 F. Bentick
 Leslie Ishmael Timber & Trading Co.
 Mohamed Sawmills
 Friendship Sawmilling Industry
 Joe Vierra

OTHER MANUFACTURING INDUSTRY

Modern Sign Limited
 Guyana Match Co. Limited

John Khan
 Aaron Manufacturing

BANKS & OTHER FINANCIAL INSTITUTIONS

| | |
|-----------------------------|------------------------------|
| Bank of Baroda Limited | Royal Bank of Canada |
| Bank of Nova Scotia | Chase Manhattan Bank |
| Barclays Bank International | New Building Society Limited |

INSURANCE

| | |
|-------------------------------------|---|
| Abdool's Limited | Demerara Mutual Life Assurance Society Ltd. |
| American Life Insurance Co. | First Federation Life Insurance Co. Ltd. |
| Colonial Life Insurance Co. | Guyana Health Insurance |
| Hand-in-Hand Insurance Co. | Farouk Ali |
| Insurance Brokers (Guyana) Limited | Barbados Mutual Assurance Company |
| British American Insurance Co. Ltd. | Guyana & Trinidad Mutual Life & Fire Group of Companies |

MOTOR REPAIRS

| | |
|-------------------------|--------------------------|
| Edwin Emery | Harry Nobrega |
| Bryon Fraser | John Rafferty |
| T. Geddes Grant Limited | J.P Santos & Co. Limited |
| Clarence Henry | Harry Narine |
| Alexander Hughes | George Cameron |
| Curtis Hughes | |

DISTRIBUTORS/RETAILERS

| | |
|----------------------------------|------------------------------------|
| Acme-General Agencies | Kirpalani's Limited |
| B. Bhaichandeen Limited | Magic Hardware Store |
| Caribbean Molasses Co. Limited | Marics & Company Limited |
| Central Garage of Guyana Limited | Mohamed's Radio & Electronics Ltd. |

- | | |
|--------------------------------------|-------------------------------|
| Chand's Supermarket | S.M.V. Nasseer & Company |
| Cho Chin Company | J.S. Persaud & Sons |
| Francis de Caires & Co. Limited | C.A. Phillips |
| Esso Standard Oil (SA) Limited | J.W. Potter |
| John Fernandes Limited | Resaul Maraj & Co. Limited |
| Wm Fogarty Limited | J.P. Santos & Company Limited |
| T. Geddes Grant (Guyana) Limited | Singer Sewing Machine Company |
| G.F. Limited | R.S. Singh Limited |
| IBM World Trade Corporation (Guyana) | Tang's Drug Stores Limited |
| C.R. Jacob & Sons Limited | Texaco West Indies Limited |
| J. Jaikaran & Sons Limited | Wieting & Richter Limited |
| L. Kwall Limited | A.H. & L. Kisson Limited |
| L. King & Sons Limited | |

HOTELS, ETC.

- | | |
|--|-------------------------------------|
| Hotel Tower | Palm Court Restaurant |
| Pegasus Hotels of Guyana Limited | Church View Hotel |
| Comrades Inn | Starbonnet Hotel |
| Hotel Marin Snackette & Bar | Demico Hotel |
| Hotel Woodbine | Hotel Penthouse |
| South Central Hotel | Mackenzie Hotel |
| Friends Hotel, Restaurant & Bar | Pelicans Inn |
| Hotel Belvedere | Water Chris Hotel, Restaurant & Bar |
| New Cumberland Hotel Wagon Wheel Bar & Restaurant | Rosignol Hollywood Hotel |
| Perseverance Hotel & Bar | Germans Hotel, Restaurant & Bar |

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Hotel Karla

Saguenay Hotel & Bar

Ambassador Hotel

Embassy Hotel

Park Hotel

Doc's Hotel Restaurant & Bar

El Nido Bartica International Hotel

Trent House Hotel

Hotel Cabin in the Sky

Astor Hotel

Hotel Tropicana

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VI. FOOTNOTES

1. At factor cost, GDP at market prices adjusts for indirect taxes paid, and subsidies received, to measure the market value of output.

2. The general procedure was to take revenues and deduct expenditures on materials and supplies, as well as 'other' costs of production. An equivalent procedure would have been to add employment costs, interest and financial costs, depreciation, and the operating surplus (or deficit). The exceptions were:

(a) Bauxite. Other costs include so called 'social costs' of housing and services for bauxite workers (amounting to G\$15 million in 1979) which ought not be deducted in value added calculations. Since the sector is 100 percent public however, no problem was created.

(b) Rice. The Guyana Rice Board does both production and processing, so no division between public and private activity in each of these subsectors was possible on the basis of GRB accounts. Instead, the relative portion of output performed by the private sector (.982 in production, .30 in milling) was multiplied by total value added. Also, since the GRB effects a large transfer of income from

private growers and millers to itself through its control of prices, a supplementary estimate of value added received on the basis of the GRB's accounts (rather than that produced) was also calculated. Social contributions of G\$.15 million were deducted from 'other costs' in doing these calculations.

(c) Other agriculture. Value added was apportioned on the basis of our estimate that 97% of output was private.

(d) Financial services. Value added was apportioned on the basis of our estimate that 65% of financial assets were private (excluding the Bank of Guyana).

(e) Sugar. Value added in cane production was apportioned to the private sector on the basis of our estimate that it was 10% private.

(f) Fisheries. Guyana Fisheries' value added in 1981 was a small negative value, since costs of materials and supplies used exceeded sales. Value added was calculated using expenditure instead of sales.

(g) Construction. Value added in GUYCONSTRUCT appeared to be negative. Again, expenditure was used instead of sales.

(h) Other manufactures. Our starting point here was an estimate by the State Planning Commission that 66% of manufacturing value added (including sugar and rice milling) was in public enterprises in 1980. After deducting the government share of rice milling and sugar milling (an estimated 65% for rice in 1980, 100% for sugar), we concluded that this implied that some 51.4 out of G\$103 million added in other manufactures, or about 50 percent, was produced by the government. In 1981, we might have expected that percentage to decline somewhat, since Guyana Pharmaceutical's value added registered a moderate decline; however, in that year, the Sanata Textile Mill tripled its output, so that on balance, we expect the government's share to have declined slightly.

The 66% estimate for the State's share in all manufacturing may be found in the State Planning Commission's submission to UNIDO's 1981 third survey of "Progress Made Toward Accelerating Industrialization in Developing Countries." The World Bank's 1982 assertion that 2/3 of other manufacturing activity is in private sector enterprises does not seem to be correct, at least insofar as value added in 1980 is concerned. This is because adding the value added in the State Manufacturing Corporations

listed below (exclusively of rice and sugar and the Sanata Textile Mill), and assuming none of the GPC's value is added in manufacturing (clearly wrong, since it does a substantial amount of manufacturing) bring the public share to over 41 percent. Adding on 40 percent of GPC's value added gives us a 47 percent public share. The same exercise for 1981 gives us a 43 percent public share; we judge that the operations of the Sanata Mill raised this figure to about 48 percent.

(i) Food, Drink, Tobacco Manufactures. To apportion value added, we have assumed that 30 percent of Guyana Pharmaceutical's value added in manufacturing (assumed to be 40 percent of total value added) is in Food and Drink.

(j) Mining. The operating surplus of the Geology and Mines Commission was assumed to be transfers from private sector output (since it is supported by royalties and fees), and is credited to the private sector in the production accounts.

3. The exceptions are sugar and rice, described in the previous footnote, and the operations of the Guyana Pharmaceutical Corporation, which are allocated between Distribution and other

Manufacturing in the national accounts. In 1980, GPC had two divisions engaged in Distribution: The Drugs Agency Division, and Retail Drug Stores, consisting of four retail outlets for pharmaceuticals (a fifth opened in 1981), and two general stores. The Drugs Agency Division's turnover amounted to 35 percent of total turnover in 1980. The sales of the two most important manufacturing divisions (Food, Household Chemicals, Toiletries and Cosmetics (FHTC) and Paint) amounted to 23 percent of total turnover. We have assumed that the GPC's value added is roughly 60% in distribution, 40% in manufacturing. The figures used above are from the GPC 1980 annual report.

4. The assignment of the non-financial State Corporations to national accounts activities was:

| <u>Company</u> | <u>Activities in the National Accounts</u> |
|-----------------------|--|
| BIDCO/GUVMINE | Bauxite |
| GUYCONSTRUCT | Construction and Engineering |
| GUYSUCO | Sugar production, milling |
| Guyana Liquor | Food, Drink, Tobacco Manufactures |
| Guyana Rice Board | Rice production, milling |
| Livestock Development | Livestock |
| Guyana Electricity | Other Manufactures |
| Guyana Airways | Transportation & Communication |
| Trading Group I | Distribution |
| Guyana Stores | Distribution |

| <u>Company</u> | <u>Activities in the National Accounts</u> |
|--|--|
| Guyana National Printers | Other Manufactures |
| Guyana National Shipping | Transportation & Communication |
| Demerara Sugar Terminals | Distribution |
| Guyana Oil | Distribution |
| Guyana Pharmaceutical | Distribution, Other Manufactures |
| Guyana Stockfeeds | Food, Drink, Tobacco Manufactures |
| Guyana Marketing | Distribution |
| Guyana Fisheries | Fishing |
| Guyana National Engineering | Construction and Engineering |
| Guyana Timbers | Forestry |
| Guyana Telecommunications | Transportation and Communication |
| Guyana National Newspapers | Other Manufactures |
| Guyana Broadcasting | Transportation and Communication |
| Post Office | Transportation and Communication |
| Guyana Nichimo | Other Manufactures |
| Guyana Geology and Mines Commission | Mining and Quarrying |
| Guyana Forestry Commission | Forestry |

5. The only reasonably firm number available for Guyana, on employment and labor force for recent years, comes from a 1977 labor force survey carried out for the ILO (see Nathley Caesar and Guy Standing, "The Labor Force in Guyana 1977: A Preliminary Report," December, 1978, Population and Employment Paper, International Labor Organization). Based on a sample survey, these estimates put the

population aged 14 and over at 351,444, and employment at 165,034.

This last figure is in substantial agreement with results of a 1978 survey of the Guyana National Insurance Scheme, which estimated the number of actively insured Guyanese (i.e., contributing to the scheme during 1978) to be about 178,000 (43,000 in Government, 67,000 in other public bodies, and 66,000 in the private sector). Since the NIS probably covered almost all Guyanese who worked at some time during 1981, these numbers probably overstate the number actually working at any moment in time. The public/private breakdown of contributors (62 percent public) is quite similar to our estimate for 1981. (See NIS, Annual Report - 1978, page 17.)

The results are also consistent with the 1978 Rural Farm Household Survey, which found roughly 25,000 rural farm households in an area of Guyana excluding the hinterland and the Rupununi, with an (14 and over) adult population of 105,000. This compares with 1977 labor force survey estimated of 253,000 adults in all of rural Guyana, residing in some 90,000 rural households.

The 1978 Rural Farm Household Survey found almost 44,000 full-time on farm workers. Some 21,000 worked off the farm, about 5,000 as agricultural wage laborers, of which about 3,300 worked on sugar estates, and 900 on other farms. About 14,000 worked as non-agricultural laborers off the farm, of which about 2,400 were self-employed: 600 or so in shops, 600 in various trades, over 400 taxi drivers and a little over 300 fishermen. The on-farm employment probably includes

household duties, which is not considered 'employment' in the 1977 labor force survey.

It should be noted that the ILO study, on which our employment figures are based, is somewhat inconsistent with the population figures currently being used by the World Bank. In 1970, according to census data and our calculations, the population aged 14 and over amounted to perhaps 53 percent of the population. In 1977, assuming the same age structure for the population, an adult population of 351,000 would correspond to a total population of 662,000. If, because of heavy migration of working age adults and increasing predominance of children in the population, the adult population declined to 48 percent of the population, we would then have a total estimated population of 731,000. By way of contrast, the World Bank puts the 1977 population at 775,000, which would require the adult population to have declined to about 45 percent of the population. The demographic structure of the population would have had to have changed by an extraordinarily large amount in a very short period of time; to produce an increasing population in the presence of a large emigration of working age adults, an upswing in fertility would also be required. The release of the 1980 census figures should clarify this rather confusing situation.

To arrive at a 1981 employment estimate, it was noted that real GDP in 1981 was estimated by the World Bank to have been roughly 97 percent of GDP in 1977, (at 1977 prices; see IBRD - Guyana Recent Developments and Short-Term Prospects, 1982). Assuming no productivity change, we then have the figure given in the text and corrected for undercounting.

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6. See Guyana, Estimates of the Public Sector Current and Capital Expenditures and Revenues for the year 1982 (Georgetown, Guyana, 1982).

7. The relevant survey data are:

| | <u>Population 14 and over</u> | <u>Households</u> | <u>Worked or had a job</u> | <u>Looking for work</u> | <u>Student</u> | <u>Home duties</u> |
|-------|-----------------------------------|-------------------|--------------------------------|-----------------------------|----------------|------------------------|
| | (in thousands) | | | | | |
| Urban | 98.2 | 41.1 | 50.1 | 4.2 | 1.8 | 39.0 |
| Rural | 253.3 | 89.8 | 114.9 | 7.4 | 2.7 | 117.0 |
| Total | 351.4 | 130.9 | 165.0 | 11.6 | 4.5 | 156.0 |

| | <u>Wanted work</u> | <u>- of which, never looked</u> | <u>= Actively wanted work</u> | <u>Unemployment rate</u> |
|-------|--------------------|-------------------------------------|-----------------------------------|------------------------------|
| Urban | 11.7 | 1.9 | 9.8 | 16.4 |
| Rural | 23.4 | 5.7 | 17.7 | 13.3 |
| Total | 35.1 | 7.6 | 27.5 | 14.3 |

Note that those 'wanting work' must include some who are engaged in home duties or go to school

8. See Guyana Business, Vol. 15, No. 4, 1981, P.16

9. See R.R. Nathan Associates, The Income and Production of Guyana Rural Households (Washington, 1980) p. 2-6.

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10. The calculations were performed as follows: the estimates from the Nathan Associates study (p. 5-51) per acre cultivated in 1978 were multiplied by GRB estimates of the area cultivated in 1977 to get G\$30 million of imports in rice; the Nathan Associates estimates of imports per acre of other foodcrops (p. 5-52) was applied to an estimated acreage of other foodcrops in 1978 to get about 29 million \$G of imports; for livestock, total estimates inputs of drugs, stock feed, and chicks and eggs from the 1978 rural farm household survey (about 11 million \$G) were multiplied by 0.33, giving about G\$3.6 million of imports.

To get 1977 Guyana dollar costs, these figures were multiplied by the 1977 World Bank import price index as a percent of the 1978 import price index (.84), giving:

| | |
|-------------|-----------------|
| rice | G\$ 25 million |
| other crops | G\$ 2.4 million |
| livestock | G\$ 3.0 million |

The agricultural input import residual, G\$74 million, presumably reflects the requirements of sugar production and milling, and rice milling.

11. In 1977, the labor force survey indicated about 48,000 workers employed in agriculture, forestry and fishing. Note that workers living on farms probably vastly outnumber workers employed in agriculture, since

many farm residents work in non-agricultural occupations. Also, the 117,000 rural adults engaged in 'home duties' are not counted as being employed. If we add on 2000 agricultural workers as a consequence of our impression that there may have been some undercounting in agriculture, we have roughly 50,000 workers in agriculture, forestry, and fishing.

We judge forestry and fishing to have employed perhaps 5000 to 6000 workers as their main field of employment, giving us perhaps 44 to 45 thousand agricultural workers. Deducting roughly 16,500 GUYSSUCO field workers, we are left with private agricultural employment of perhaps 29,000.

By 1981, private agricultural crops had declined by perhaps 10 percent, although yields (at least in rice) seem to have been steadily rising. Fish and shrimp production remained roughly constant, while forestry seems to have declined somewhat. Thus, we estimate private agricultural employment to have been about 26,000, GUYSSUCO agricultural employment (including its minor crops) about 18,000, and forestry and fishing to have employed perhaps 4000 to 5000, for a combined total of somewhat in excess of 48,000.

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The World Bank gives the following constant (1977) dollar estimates of GDP in (mainly) private sector agriculture.

| | <u>Rice</u> | <u>Other Crops</u> | <u>Livestock</u> | <u>All Thr</u> |
|------|-------------|--------------------|------------------|----------------|
| 1977 | 49 | 35 | 26 | 110 |
| 1978 | 42 | 35 | 25 | 102 |
| 1979 | 33 | 34 | 27 | 94 |
| 1980 | 39 | 36 | 28 | 103 |
| 1981 | 38 | 36 | 26 | 100 |

For forestry and fishing we have:

| | <u>Forestry</u> | <u>Fishing</u> | <u>Forestry and Fishing</u> |
|------|-----------------|----------------|-----------------------------|
| 1977 | 10 | 13 | 23 |
| 1978 | 10 | 12 | 22 |
| 1979 | 9 | 14 | 23 |
| 1980 | 8 | 14 | 22 |
| 1981 | 7 | 13 | 20 |

12. World Bank constant dollar GDP estimates for sugar are:

| | <u>Sugar</u> | <u>Sugar Milling</u> | <u>Total</u> |
|------|--------------|----------------------|--------------|
| 1977 | 77 | 27 | 104 |
| 1978 | 105 | 36 | 141 |
| 1979 | 96 | 33 | 129 |
| 1980 | 89 | 30 | 119 |
| 1981 | 99 | 33 | 132 |

Total (including processing) employment for GUYSUCCO was (approximate estimates):

| | <u>All</u> | <u>Sugar Field</u> | <u>Factory</u> | <u>Acreage Reaped (1000 acres)</u> |
|---------------------|------------|--------------------|----------------|--|
| 1977 | 33,500 | 16,440 | 4,324 | 114 |
| 1978 | 31,500 | 19,289 | 4,916 | 114 |
| 1979 | 33,000 | 20,820 | 4,902 | 138 |
| (estimated) 1981 | 29,000 | 17,500 | 4,900 | 116 |

Source: GUYSUCCO annual report, 1979; Statistical Bureau; World Bank
1981 estimated on basis of acreage reaped.

13. The 200 or so 1981 employees of the state-owned Livestock Development Company would have little effect on this split.

14. We assume here that most mill workers are also farmers; in any event, the rather small number of private mills in operation in 1981 (130 mills were operating in the much fatter year of 1977) would have little effect on our approximate employment figures.
15. See R.R. Nathan Associates, *op. cit.*, p. 3-25.
16. See Guyana Rice Board, Mission Statement Objectives and Three Year Plan (Processed, 12/31/81).
17. See D.R. Steen, "U.S. Assistance and The Guyana Rice Board," (processed, USAID/Guyana, July 1, 1981).
18. *Ibid.*
19. *Ibid.*
20. In 1981, the value added in rice production is estimated in the official statistics to have been about 43 million \$G, and value added in processing 11 million \$G. Since it is estimated that 70 percent of the rice was milled in 1981 by the GRB, allocation of the value added in the sector based on the percentage of private participation gives roughly 45.5 million \$G being produced in the private sector, and 8.6 million \$G of value added in the GRB. On the other hand, the GRB's revised budget estimates for 1981 show roughly 41.8 million \$G in value being

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(income less the costs of material and supplies, freight, and other costs) within the organization at the prices it sets. The difference, roughly 33.2 million \$G, must therefore represent transfers of income from private farmers and millers to the GRB.

21. In 1981, production was estimated by the GRB to have been about 170 thousand metric tons (this figure is derived by taking paddy production and multiplying by a milling coefficient of .6). Local rice sales were estimated to have been 30 thousand metric tons, sales to industry about 11 thousand metric tons, and exports about 81.5 thousand metric tons. Stock changes were thought to have amounted to an increase of about 7.3 thousand metric tons. The remaining item, labelled 'seed and feed', amounts to 40 thousand metric tons. GRB's own calculations, however, indicate that perhaps 7 thousand metric tons of milled rice equivalent were the entire seed requirements for 1981; a discrepancy of roughly 33 thousand metric tons is then left.

Some individuals familiar with the industry have suggested that, due to inefficiencies in the milling process, a substantially smaller milling coefficient is appropriate. As a more realistic estimate, a coefficient of .55 to .57 (or about 5 to 8 percent less milled rice per unit of paddy input) has been discussed. This would account

for perhaps an additional 14,000 metric tons, leaving an unexplained discrepancy of about 19,000 tons (11 percent of production), if one chose to accept these figures.

An alternative procedure for arriving at roughly the same estimate is to note that in the 1978 Guyana Rural Farms Household Survey, farmers set their 'seed and feed' consumption at less than 6% of production. Deducting this from production, as well as an 8% reduction in the milling coefficient, we arrive at an estimate of "leakage" roughly equal to 10 percent of production.

22. R.R. Nathan Associates, op-cit, p.4-16.
23. See Tables 61 and 62 of the Rural Farm Household Survey.
24. R.R. Nathan Associates, op-cit. p 4-16.